BUILDING ON STRENGTH - REALIZING OPPORTUNITY:

AN ECONOMIC STRATEGY
FOR
HAMILTON-WENTWORTH

URBAN DOCUMENTATION CENTRE
RESEARCH UNIT FOR URBAN STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

REGIONAL PLANNING BRANCH
HAMILTON-WENTWORTH PLANNING AND DEVELOPMENT DEPARTMENT

JUNE 1986

007483

EXECUTIVE SUMMARY

BUILDING ON STRENGTH - REALIZING OPPORTUNITY:
HAMILTON-WENTWORTH ECONOMIC STRATEGY
EXECUTIVE SUMMARY

The economic strategy proposed in this report focuses on human capital. The attraction, retention, development and employment of human capital offers the best opportunity for long-term employment growth and economic prosperity in the Region. The strategy consists of four elements:

1. attracting and keeping jobs;
2. attracting and keeping people;
3. developing small business; and,
4. expanding Hamilton-Wentworth's role as a regional centre.

The Basis of the Strategy

The strategy is based on an economic analysis of structural change and economic trends in Hamilton-Wentworth, Ontario, and Canada. The analysis also provides international data on trade and structural change. The following list summarizes the major findings:

- All Western economies are in the midst of major structural changes brought about by the continuing revolution in technology, progressive international trade liberalization, and rapidly changing labour force characteristics. Structural changes are affecting what is produced, how it is produced, the nature of work, and where production takes place.

- Some older manufacturing centres are adjusting to structural change by diversifying their economies. Others have failed to adjust. Despite the current recovery, manufacturing centres that do not adjust face a bleak future of job losses, declining real incomes, and replacement jobs in poorly-paid retail and consumer services industries.

- The Hamilton-Wentworth economy is showing signs of structural adjustment, but the regional economy is lagging the provincial economy in lessening its dependence on the manufacturing sector and increasing its share of fast-growing service industries.

- Structural change will continue, as the transition to an information economy proceeds and the impact of technological diffusion transforms manufacturing and service industries.

- The service sector has been and will continue to be the major source of new jobs.

- The fastest growing sectors in both Ontario and the regional economy are business services, consumer services, finance, insurance and real estate, health, and wholesale trade.

- Although manufacturing will continue to be an important source of employment in the regional economy for the foreseeable future, the manufacturing sector is unlikely to generate significant employment growth.

- The regional economy is highly specialized in manufacturing, but its degree of specialization has been declining significantly.

- The regional economy is specialized in health and education, and the degree of specialization in both sectors has been increasing.

- Although employment in business services has been growing very quickly in the regional economy, it has not kept pace with the rate of growth of this sector in the Ontario economy.

- Small businesses and new businesses provide a disproportionately large share of all new jobs.

- Changes in the occupational composition of employment are also part of the structural changes occurring. Not only are most new jobs in service rather than the goods-producing industries, most new jobs involve high levels of qualification.

- Seventy-six per cent of the new jobs created between 1980 and 1985 in Ontario were in managerial and professional occupations. Hamilton-Wentworth must find a way to share in this remarkable growth.

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- Labour force growth exerts a critical influence on long term employment growth, according to international data summarized by the Macdonald Royal Commission.

- Female shares of employment are rising rapidly in non-traditional occupations, including highly-qualified occupations.

- Increased population is an important factor in the ability of the regional economy to diversify.

- Hamilton-Wentworth's share of the provincial population is declining.

- Hamilton-Wentworth's population is older than the populations of other southern Ontario regions.

- The Hamilton Census Metropolitan Area[1] is experiencing net migration losses to other parts of Canada.

- The principal opportunity for increasing population lies in increasing net migration to the Region.

The Elements of the Strategy

The proposed economic strategy contains four major initiatives intended to accelerate the Regional economy's adjustment to the new economic order:

1. attracting and keeping jobs;
2. attracting and keeping people;
3. developing jobs from within through small business; and,
4. expanding Hamilton-Wentworth's role as a Regional Centre.

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1. The Hamilton Census Metropolitan Area consists of the Region plus Burlington and Grimsby. It is defined by Statistics Canada on the basis of labour market criteria.

Together they form an integrated strategy for diversifying the economy towards human capital-intensive industries.

Since the strategy is designed to achieve incremental changes, it will be most effective in transforming the economy in periods of good economic growth, including the recovery currently underway.

Attracting and Keeping Jobs

The recommended targets for marketing efforts are:

- corporate offices;
- services to business;
- finance, insurance and real estate industries;
- the health industry;
- non-profit organizations;
- certain manufacturing industries (metal fabricating, machinery, advanced manufacturing technology, medicines and pharmaceuticals, scientific and professional equipment, biotechnology, chemicals, beverages, hardware, tool and cutlery); and
- support to existing industry.

Attracting and Keeping People

Jobs and people go together. It will be necessary to increase the stock of human capital in the Region to attract human capital-intensive jobs. These new people will generate additional employment in the Region through multiplier effects. In the medium term, they should also increase the rate of new business startups.

The principal means available to a municipal government to increase population is to attempt to influence migration rates. Internal migration within Canada is much easier to influence than foreign immigration. Less than 1,000 locational decisions would have to be affected each year to double the Region's rate of population growth.

The strategy contains two courses of action designed to increase internal migration to the Region:

- o marketing of the Region as a place to live. This should be aimed at major population centres in neighbouring regions. The marketing effort should focus on attracting young managerial and professional people to the Region; and,

- o high levels of investment in quality of life. The Region and its area municipalities will have to achieve a superior quality of life to counteract the negative perceptions created by heavy industry. Continuing improvements to transportation and communication linkages are also desirable.

Developing Small Business

The third element in the economic strategy is the creation of a Small Business Centre to develop entrepreneurial human capital in the Region. The purpose of the Small Business Centre is to provide both startup and operating advice to entrepreneurs and small businesses. It should have the following features:

- o expertise in both service and manufacturing business. The emphasis on services would distinguish the Small Business Centre from centres aimed primarily at the commercialization of inventions or the diffusion of new technology into production processes;

- a base of community support. The Small Business Centre should build on the work of the Business Advisory Centre;

- a Small Business Development Corporation to provide a source of capital for local entrepreneurs; and,

- direct funding by the Region, involving a commitment of up to $1 million per year, depending upon the results of a feasibility study.

Expanding Hamilton-Wentworth's Role as a Regional Centre

Hamilton-Wentworth now provides cultural, institutional, commercial, environmental, sports and recreational services and facilities to a hinterland area. The objectives of this part of the strategy are to increase the size of the area served, to increase penetration in existing markets, and to expand the types of services and facilities provided. This can be done through the aggressive marketing of the Region, an increased emphasis on attracting major events to the Region, the completion of key provincial projects, and the attraction of business, government and third sector organizations to Hamilton-Wentworth.

Hamilton-Wentworth already has a number of first-class facilities that draw people from a wide area. Two ideas for marketing the Region to a wider area are to involve high profile community celebrities in promotion activities and to designate certain time periods for promotion to neighbouring communities (e.g., Dunnville Days). Residents of those communities could be invited to Hamilton-Wentworth for special events, tours and exposure to the facilities and services available in the Region.

Implementing the Strategy

Achievement of the economic strategy proposed in this report will require concerted action on the part of the Regional Government. These actions include:

- marketing to targeted industries. This will necessitate a reorientation of existing marketing efforts;
- industry target analyses to improve marketing efforts;
- marketing campaigns designed to attract young, managerial and professional migrants to the Region;
- major public investments in quality of life amenities;
- an analysis of potential investments and residential development policies that would improve the quality of life in the Region;
- allocation of up to $1 million annually for a Hamilton-Wentworth Small Business Centre;
- a feasibility study of the proposed Small Business Centre;
- marketing Hamilton-Wentworth as a regional centre;
- continued aggressive marketing of Hamilton-Wentworth as a tourist and convention centre;
- an increase in resources devoted to marketing;
- immediate servicing of the Flamborough Industrial-Business Park;

- reservation of prime land in the Flamborough and Mohawk Industrial-Business Parks for office development, and application of stringent development standards in these parks;

- continued representations to the Provincial Government to obtain funding for health facilities and programs in the Region;

- continued representation to the Provincial Government to obtain funding for transportation projects in the Region, and increased Regional expenditure on transportation;

- representation to the Canadian Radio-television and Telecommunications Commission (CRTC) to improve telecommunications linkages between Hamilton-Wentworth and Toronto;

- presentations to corporate banking groups to demonstrate the potential for investment in the Region; and,

- visits to other North American cities to learn first hand about their experiences in economic development.

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ERRATA

1. The source for the chart, "Industrial Composition of Employment Growth in Canada", opposite page 6 is:

   Based on Employment and Immigration Canada, Labour Market Development in the 1980s (1981) and Statistics Canada, The Labour Force (71-001) and Labour Force Annual Averages (71-529).

2. The complete source for the chart, "Robots per 10,000 Employees in Manufacturing", opposite page 9 is:

   Robot Institute of America, U.S. Department of Labour, as cited in Economic Transformation: Technological Innovation and Diffusion In Ontario (1984), Ministry of Treasury and Economics, Economic Policy Branch, Government of Ontario.

3. The source for the chart, "Growth in Employment By Size of Firm and Industry Sector", opposite page 23 should read:

   Based on data in A Study of Job Creation in Canada, 1974 to 1982, Statistical and Data Base Services, Department of Regional Industrial Expansion; Government of Canada, as cited in W. Garnett Picot, Statistics Canada, Canada's Industries: Growth in Jobs Over Three Decades; Catalogue 89-507E.

4. The complete source for the chart, "Regional Distribution by Age Cohort, Regional Municipalities and Ontario", opposite page 37 is:

   Statistics Canada, Census of Canada, Catalogue 93-918 (1981).

5. The source for the chart, "Share of Total Employment Growth by Size of Firm and Sector", opposite page 78 should read:

   S. Wells, Assistant Chief Statistician, National Accounts and Analytical Services, Statistics Canada. Presentation to Royal Commission, Small Business Seminar, October 15, 1984, as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, 1985.

6. On page 84, the second sentence in the second paragraph should read: The corporation may invest in any number of companies up to a maximum of $5 million for a private corporation and $10 million for a public corporation.

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CHAPTER 1

INTRODUCTION

In his inaugural address in November 1985, the Regional Chairman identified the need for an Economic Strategy for Hamilton-Wentworth:

> This Region must address the challenges of attracting significant private investment to diversify the Regional economy and provide upcoming generations with challenging employment opportunities within Hamilton-Wentworth. This Region must accelerate economic growth in Hamilton-Wentworth and make that the number one objective above all others.

The Economic Strategy outlined in this report is about the attraction, development, employment and retention of human capital. It recognizes that the abilities and qualities of the people in the Region now and in the future represent the kind of capital needed most to enable the Regional economy to diversify and prosper. The strategy is intended to accelerate the transformation of Hamilton-Wentworth from a traditional "manufacturing centre" into a diversified "regional centre" servicing a large and growing market. It is a made-in-Hamilton-Wentworth strategy. It builds on the strengths the Region has already and those that can be developed in the future.

The Economic Strategy is intended as a long term blueprint for economic development in Hamilton-Wentworth. It is also intended to initiate a dynamic process that will enable the Region to make strategic changes in response to changing economic circumstances. The Region will need to muster all of the resources at its disposal and gain the commitment of the Hamilton-Wentworth community to implement the strategy. The Strategy builds on the contributions of others, most notably the Economic Futures and Bay Area Conferences held in 1983 and 1984 and the advice about economic strategy received from the Economic Advisory Conference. A similar community effort will be required for this strategy to succeed.

Employment is the Priority

A report by the Canadian Mental Health Association documents the linkage between unemployment and serious personal and social problems, including broken families, lower incomes, increased anxiety, suicide, alcoholism, and ill-health. Research at John Hopkins University found that when the unemployment rate in the U.S. increased by 4.3 percent in a two year period, mortality rates increased by 2.3 percent, suicide by 1.0 percent, the population in mental hospitals by 6 percent, total arrests by 6 percent, arrests for fraud and embezzlement by 4.8 percent, and assaults reported to police by 1.1 percent. Unemployment also raises the cost of municipal government through its effect on requirements for social support services.

The primary focus of any economic strategy therefore must be on employment - how to increase the number of jobs, how to reduce the number of unemployed, how to increase the range and quality of job opportunities available, and how to raise individual and family incomes.

A secondary focus must be public and private investment. Investment creates jobs and generates assessment. Since the primary source of municipal government funding is the property tax, the ability to increase assessment will influence the quality of municipal services available to residents and businesses, and thereby indirectly influence the rate of economic growth.

The Scope for Action

The ability of municipal government to increase economic growth is limited by municipal statutory powers. **Municipal government has few of the powers normally exercised by governments to manage the economy.** It lacks the authority to vary the money supply, set key income or sales tax rates, lower interest rates, or reduce government deficits.

However, municipal government can have a significant impact on regional and local economies by outstanding performance in four areas:

- **Public Investment.** Municipal governments are responsible for much of the infrastructure required to attract and keep both people and businesses. Better infrastructure provides a competitive advantage;

- **Levels of Service.** Other things being equal, superior services will attract both people and business;

- **Marketing.** In an increasingly complex and turbulent environment, marketing is one of the most potent weapons available to organizations;

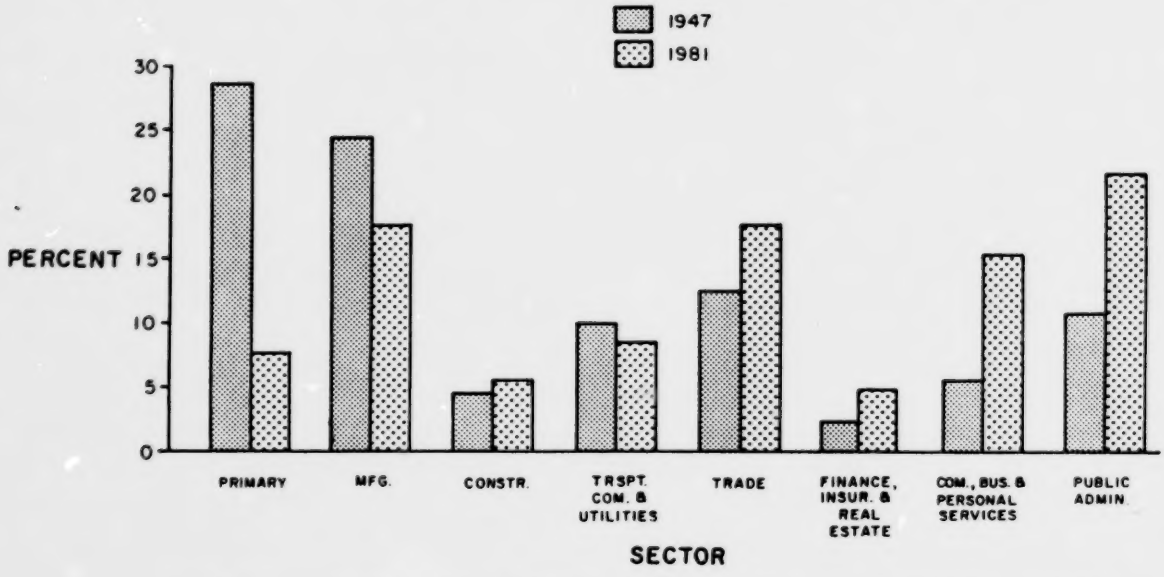
- **Institutional Innovations.** Sometimes social or institutional changes are the best way to solve problems or address new needs. Community colleges are a good example of a timely and effective institutional innovation. Because of their close links to the community, municipal governments are in an excellent position to introduce community-based institutional changes. They are also capable of internal organizational initiatives designed to foster economic growth.

The economic strategy outlined in this report involves the use of all four methods. It requires municipal leadership and financial commitment.

CHAPTER 2

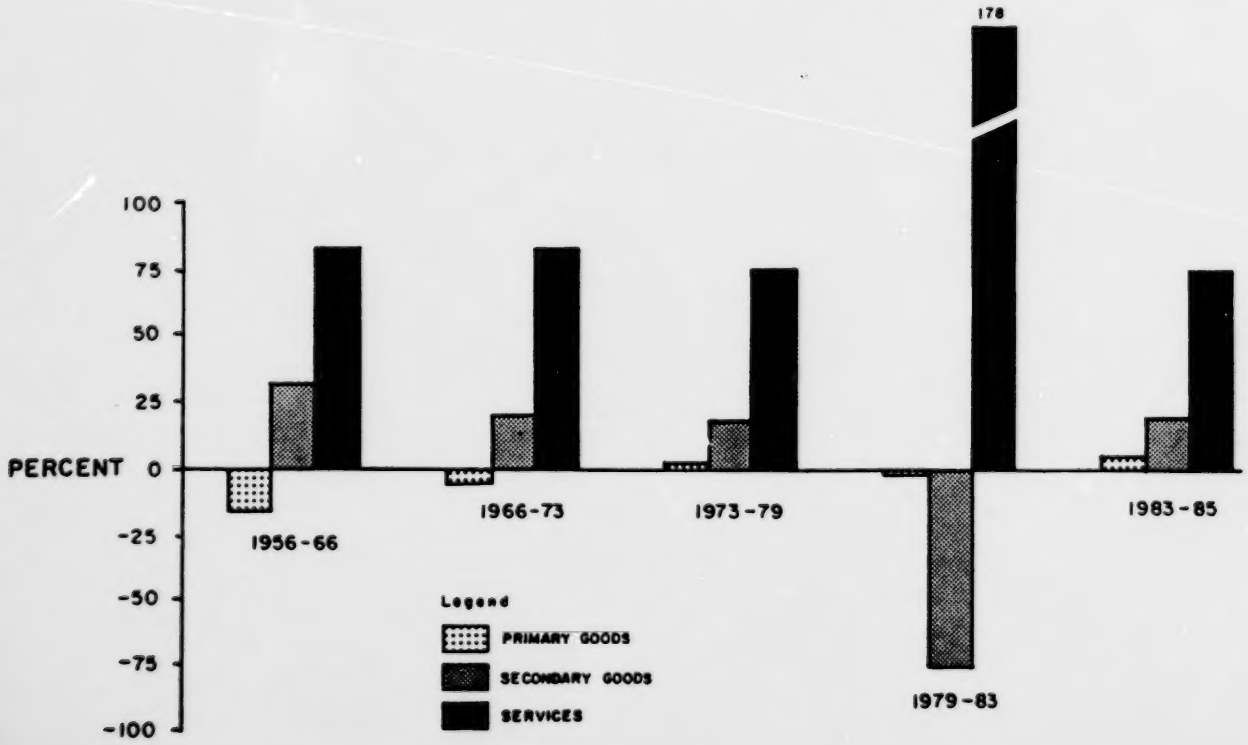
THE IMPORTANCE OF STRUCTURAL CHANGE

SHARE OF EMPLOYMENT IN CANADA BY SECTOR, 1947 AND 1981



Source: Cansim Matrices 061 and 1106 as cited in D. G. McFertridge, Canadian Industry in Transition, Vol. 2, Royal Commission on the Economic Union and Development Prospects for Canada (1985).

INDUSTRIAL COMPOSITION OF EMPLOYMENT GROWTH IN CANADA



The Importance of Structural Change

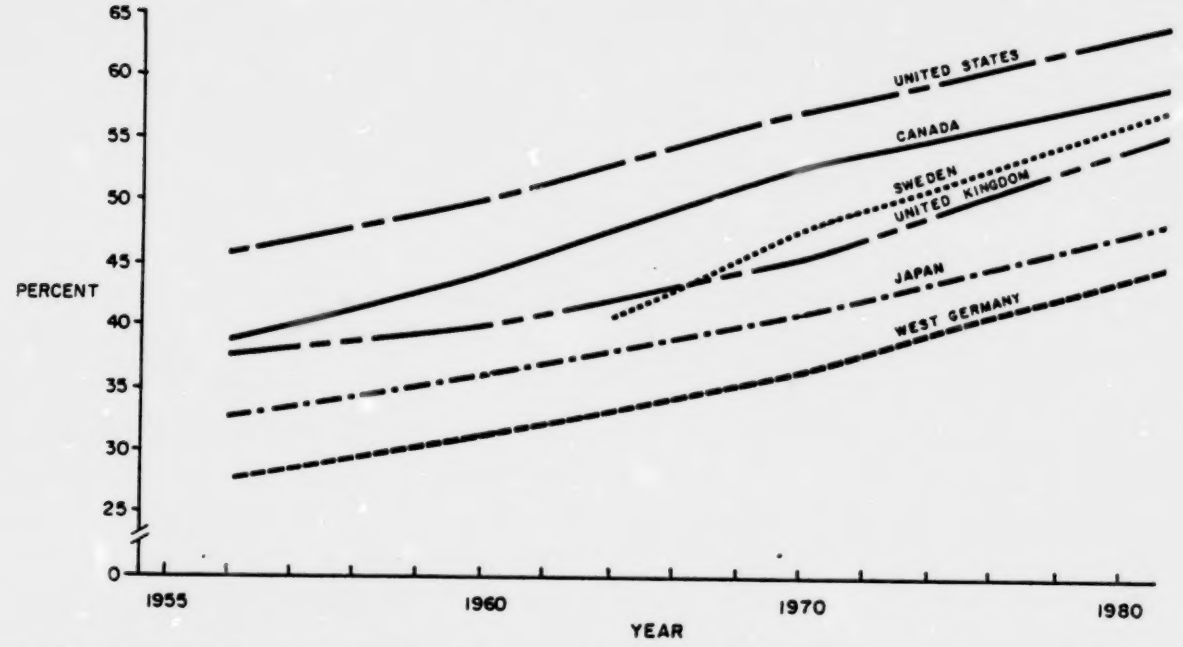
The future economic well-being of the residents of Hamilton-Wentworth will depend upon the ability of the Regional economy to adapt to structural changes. Structural change refers to fundamental shifts in the relative importance of sectors and industries in the economy. Economies that adapt well to structural change capture large shares of growing markets. Those that adapt poorly stagnate or decline.

The chief characteristic of post-war structural change in Canada is the explosive growth of the service sector's share of employment, which rose from 32 percent of total employment in 1947 to over 60 percent by 1981. The share of employment in community, business, and personal services rose from 5.0 percent to 15.8 percent between 1947 and 1981. In the same period, the share of employment in public administration rose from 10.9 percent to 21.7 percent, reflecting massive growth in the health and education fields. The share of employment in wholesale and retail trade rose from 12.5 percent to 17.8 percent, and the finance, insurance and real estate sector more than doubled its share from 2.4 to 5.3 percent.

During the same period, the primary and manufacturing sectors suffered losses in their shares of employment. The primary sector's share fell from 28.7 percent to 7.5 percent. The manufacturing sector's share also fell sharply, from 24.8 percent to 17.8 percent. Respected analysts such as Peter Drucker have forecast that the manufacturing sector's share of employment will continue to fall until it reaches the 5 percent level some time after the year 2000.

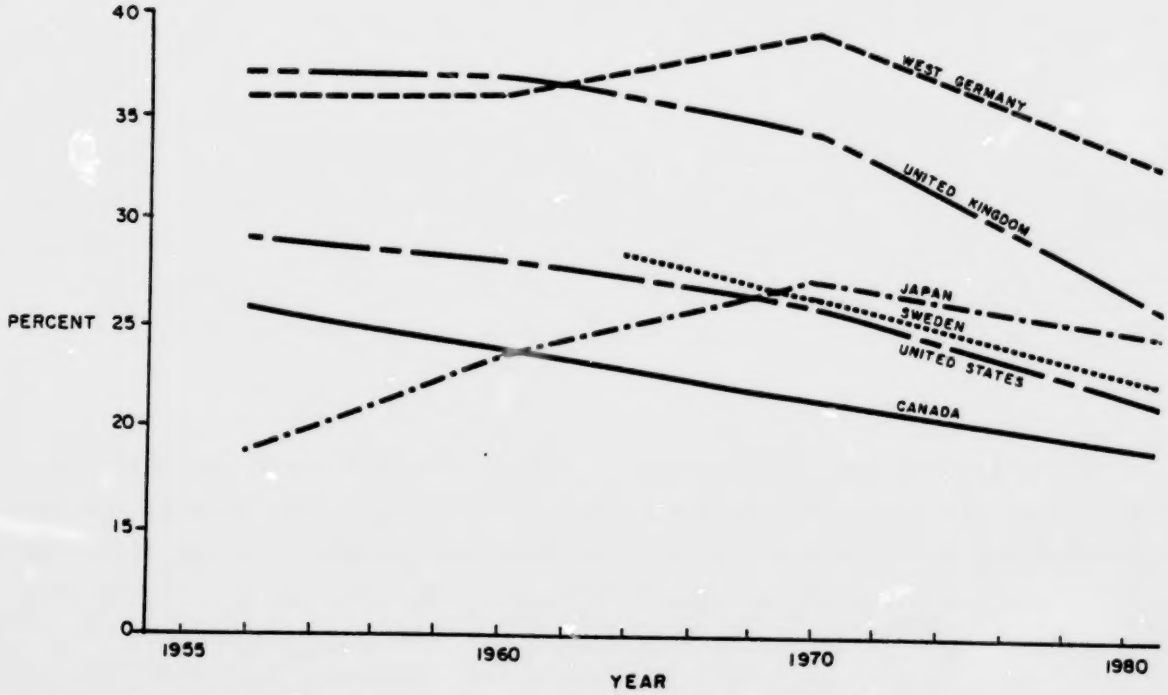
Even more striking than the shifts in sectoral shares of total employment are the sources of new job creation. The service sector was responsible for approximately three quarters of all job creation between 1956 and 1979, and 100 percent of job creation between 1979 and 1983. During the 1983 - 1985 recovery, the service sector again accounted for three quarters of the new

INTERNATIONAL COMPARISON OF THE SERVICE SECTOR'S SHARE OF EMPLOYMENT 1956-1981



Source: For Canada, Cansim Matrices 0601 and 1106. For Other Countries: Organization for Economic Co-operation and Development, as cited in D. G. McFertridge, Canadian Industry in Transition, prepared for The Royal Commission on the Economic Union and Development Prospects for Canada, (1985).

INTERNATIONAL COMPARISON OF THE MANUFACTURING SECTOR'S SHARE OF EMPLOYMENT 1956-1981



Source: For Canada, Cansim Matrices 0601 and 1106. For Other Countries: Organization for Economic Co-operation and Development, as cited in D. G. McFertridge, Canadian Industry in Transition, prepared for The Royal Commission on the Economic Union and Development Prospects for Canada, (1985).

jobs. Analysis of the industrial composition of employment by the McDonald Royal Commission (updated by the Planning and Development Department) indicates that the manufacturing sector did not contribute more than 16 percent of the new jobs in any period since 1966.

Structural change is not unique to Canada. Other Western economies are experiencing the same sectoral shifts in employment. In the United States, the share of employment for all service industries rose from 45.9 percent in 1956 to 64.0 percent in 1981, while the manufacturing sector's share fell from 29.2 percent to 21.3 percent. The manufacturing sector's share of employment has been declining in Canada and the United States because it is growing much more slowly than the service sector's share. In many European countries employment in manufacturing is actually declining in absolute terms. In the United Kingdom, the manufacturing sector's share of employment fell from 37.1 percent to 26.2 percent between 1956 and 1981. In West Germany, the shift was small, from 36.5 percent to 33.6 percent. In Sweden, the manufacturing sector's share fell from 28.5 percent in 1964 to a 22.0 percent in 1981. Japan lagged the other advanced economies in the shift away from primary production. As a result, the manufacturing sector's share of employment in Japan increased until 1970 and then began to fall.

No regional or even national economy can hope to insulate itself against these long-term sectoral shifts in economic structure.

Forces Underlying Structural Change

Much of the structural change currently under way in Canada and most other Western economies is a result of three forces: technology, trade liberalization, and labour force changes. These forces have not only determined structural shifts among sectors, but they are also reshaping the type and geographical distribution of economic growth in the North American system of cities.

1. Technology

The importance of technological innovation in the transformation of the Canadian economy can hardly be overstated. The rate of technical progress is a major ingredient in the rate of growth of productivity, which determines the rate of growth of income per capita in advanced economies. Technology spawns new industries and radically alters the way in which goods and services are produced. In 1983, the Ontario Task Force on Micro-Electronics and Employment concluded that:

> [the current] wave of new technologies differs radically from that of the past. Previous technological changes have typically come into public use in isolation and in series. Today the rate and breadth of technological change is so great that the interactions between old and new technologies have further-reaching, more complex implications than any time at least since World War II ... technology is now rapidly changing on a global scale. In fact, we are witnessing nothing less than a transformation of the whole manufacturing system of the world. The geopolitical map of the world is being re-written in front of our eyes.

Industries such as micro-electronics, computers, robotics, lasers, communications technology, advanced materials, computer-aided design and manufacturing, biotechnology and artificial intelligence are progeny of the high technology revolution. They are knowledge-intensive, characterized by continuous innovation, and provide many highly-skilled jobs. As their product life cycles mature, they also provide many low-skilled, low-paying jobs (e.g., circuit board assembly), which are usually moved to newly industrialized countries or to economically underdeveloped regions of North America.

Technological innovation on its own is not enough. The diffusion of new technology into existing industries in advanced economies is a critical factor in maintaining competitiveness. Statistical process control, CAD/CAM systems, word processing, teleconferencing, computerized ticket reservation systems, satellite communications, and computerized data bases are a few examples from the burgeoning list of applications of high technology to goods and service industries. Technological diffusion helps to improve productivity, reduce costs and enhance product quality.

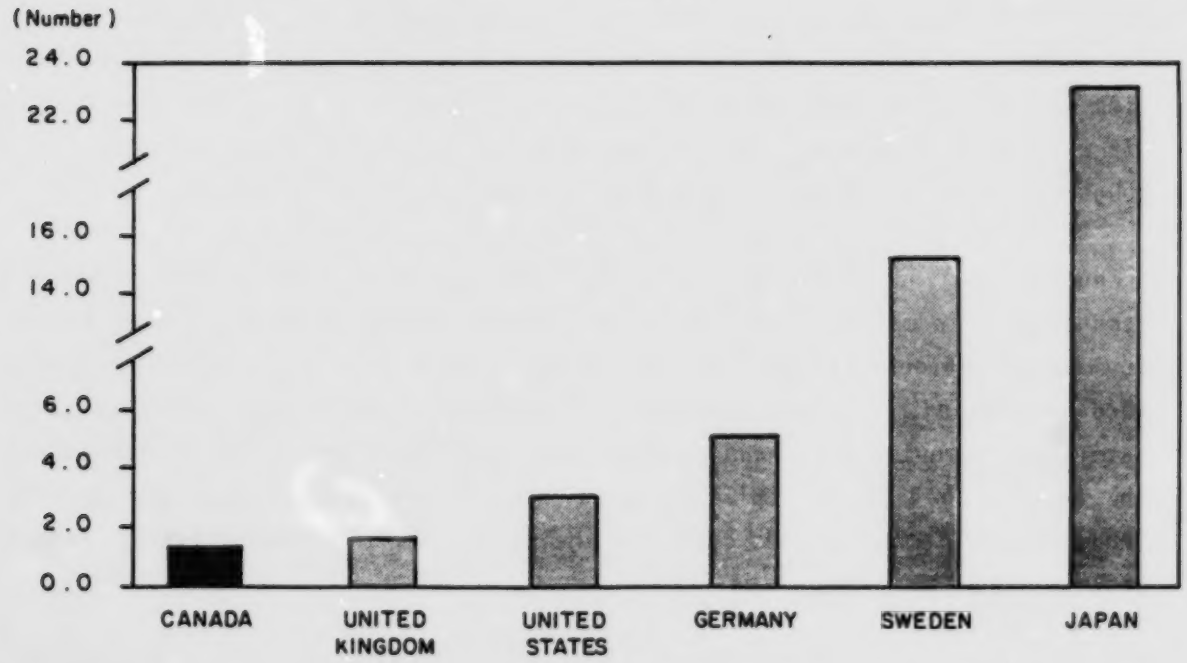
DISTRIBUTION OF KEY POST-WAR INNOVATIONS
AND POPULATION BY COUNTRY
(PER CENT OF TOTAL)

	Innovations 1953-1973	Population 1963
United States	63.8	40.8
United Kingdom	17.0	11.6
Japan	6.8	20.9
Germany	6.6	12.4
France	4.2	10.3
Canada	1.6	4.1
TOTAL	100.0	100.0

Note: Columns may not sum due to rounding.

Source: Gellman Research Associates, Inc., Indicators of International Trends in Technological Innovation, a report prepared for the National Science Foundation, 1976; United Nations, Monthly Bulletin of Statisti , 1973, as cited in Economic Transformation and Technological Innovation and Diffusion in Ontario (1984), Ministry of Treasury and Economics, Economic Policy Branch, Government of Ontario.

ROBOTS PER 10,000 EMPLOYEES IN MANUFACTURING
1982



Sources: Robot Institute Of America, U.S. Department Of Labor

Canada has had difficulty in carving a niche for itself in high technology, despite the widely acclaimed success of firms such as Northern Telecom. A survey by Gellman Research Associates of the 500 most important innovations in a 20 year period gave Canada 1.6 percent of the total, fewer than any other country surveyed. The United States and the United Kingdom were responsible for more than 80 percent of the key innovations.

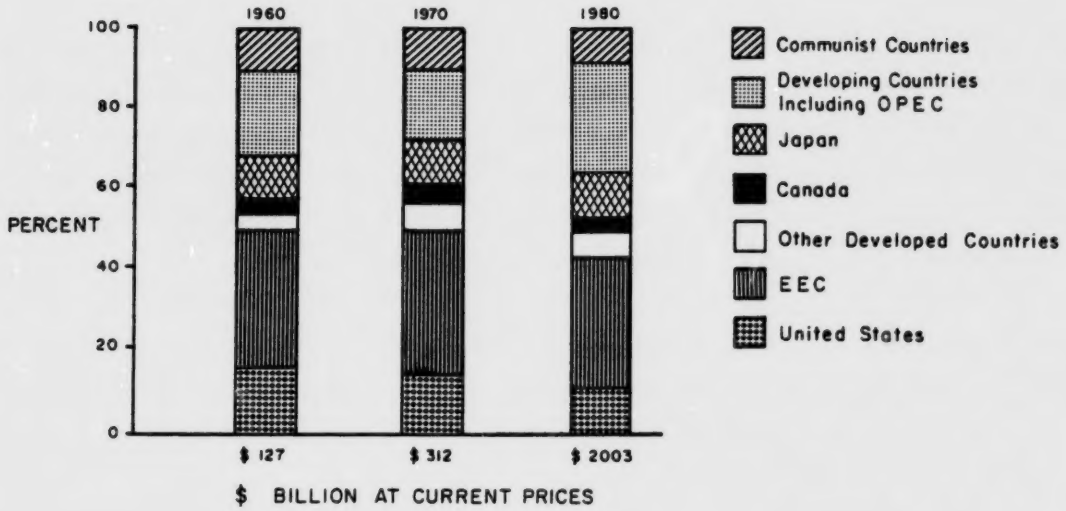
Research and development expenditures in Canada were 1.24 percent of G.N.P. in 1984. The United States, Japan and West Germany are spending close to 3 percent of G.N.P. on research and development.

Canada's relatively poor innovation record can be explained by its relatively lower defence expenditures, small market size, high degree of foreign ownership, lack of venture capital, and inadequate supply of skilled personnel. In addition, a large part of the Canadian economy consists of industries that contribute relatively few innovations. In all countries, resource-based industries offer fewer opportunities for innovation than engineering-based manufacturing industries.

Canada's record on the diffusion of technology also suffers by comparison with others. The diffusion of new technology to existing industries is an extremely slow process in most countries, but it generally proceeds at a slower rate in Canada than in the United States or Western Europe.
In 1982, Canada had only 1.4 robots in use for every 10,000 employees in manufacturing, less than one half the number in the United States and about one twentieth of the number in Japan. The slow introduction of robots in Canada is particularly disturbing because robotics is well-suited to the short production runs that characterize much of Canadian manufacturing.

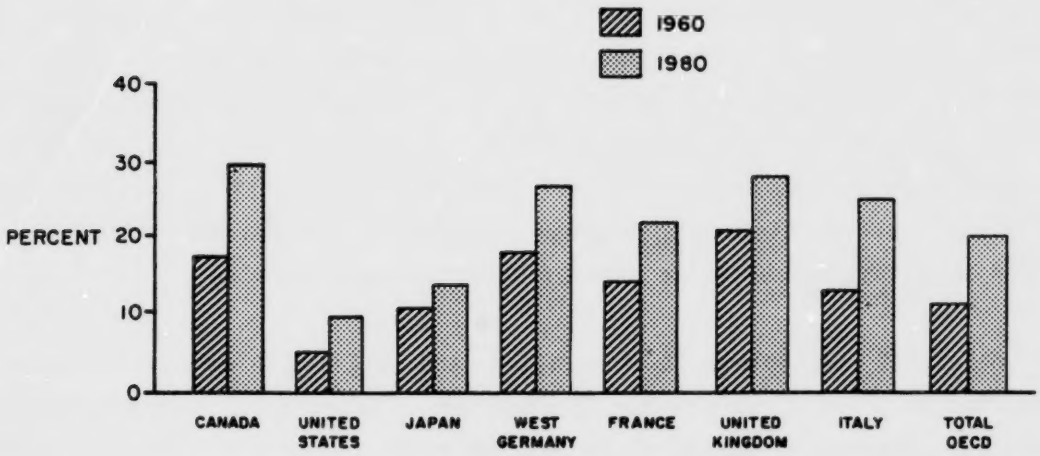
If the rates of technological innovation and diffusion do not improve, Canadian industry will experience increasing difficulty in retaining or improving its competitive position, and standards of living are likely to fall.

SHARES OF WORLD TRADE, 1960-1980



Source: U.S. Department of Commerce, International Trade Administration, U.S. Competitiveness in the International Economy, Oct. 1981, as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 1, (1985).

EXPORTS OF GOODS AND SERVICES BY COUNTRY AS PERCENTAGE OF GROSS DOMESTIC PRODUCT, 1960 AND 1980



Source: Organization for Economic Co-operation and Development, Historical Statistics 1960-1981 (Paris: OECD, 1983), as cited in The Royal Commission on the Economic Union and Development Prospects for Canada (1985).

These findings have two implications for economic strategy in Hamilton-Wentworth. First, manufacturing industry in the Region will experience increasing pressure to adjust to technological change in order to remain competitive. Evidence for this is provided by the very large capital spending programs in progress at both Stelco and Dofasco to introduce continuous casting. **Second, technological sophistication should be a criterion in deciding which firms to target for marketing.**

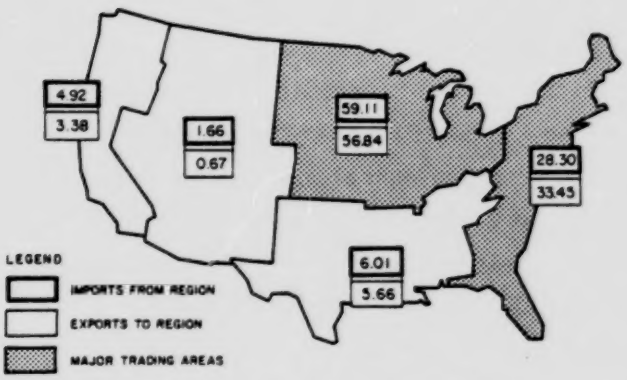
2. Trade Liberalization

The International Monetary Fund (IMF), the World Bank and the General Agreement on Tariffs and Trade (GATT) are all examples of international institutions founded in the 1940's to control the excesses of economic nationalism. All three institutions were dedicated to a liberal multilateral trade and payments system based on agreed rules. The multilateral system was intended to lead to prosperity and growth for all member nations and encourage world peace and stability.

Traditionally, Canada has used tariffs to develop and protect its industries. The multilateral trade negotiations conducted under the GATT have resulted in large tariff reductions in Canada and less protection for domestic industries. In the latest GATT negotiations, the Tokyo Round, Canada agreed to reduce the average weighted tariff on dutiable imports to 9-10 percent by 1987. The overall incidence of the tariff should be approximately 4 percent when duty free imports are included. This is similar to the level of tariff protection maintained by the United States, the European Community and Japan.

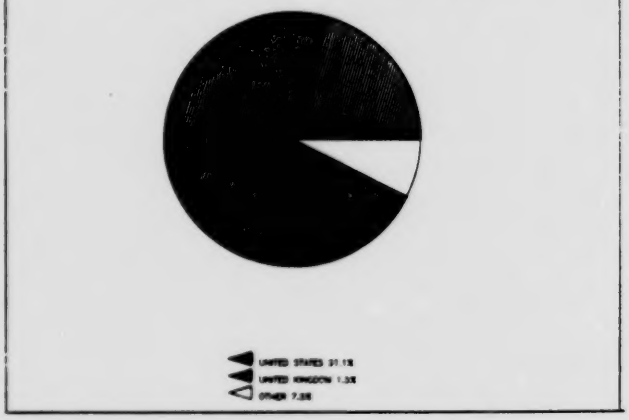
Trade liberalization contributed to the prolonged and widespread economic growth in the post Second World War period. World trade increased 6 percent per year between 1950 and 1980, faster than world production. Total world trade reached a value of $1.9 trillion U.S. by 1985. The proportion of world output of goods and services crossing national boundaries increased

1984 ONTARIO TRADE WITH U.S. REGIONS
(PERCENT)



Source: Adapted from Statistics Canada, Canadian International Trading Patterns, Catalogue 65-503.

DESTINATION OF ONTARIO EXPORTS - 1985

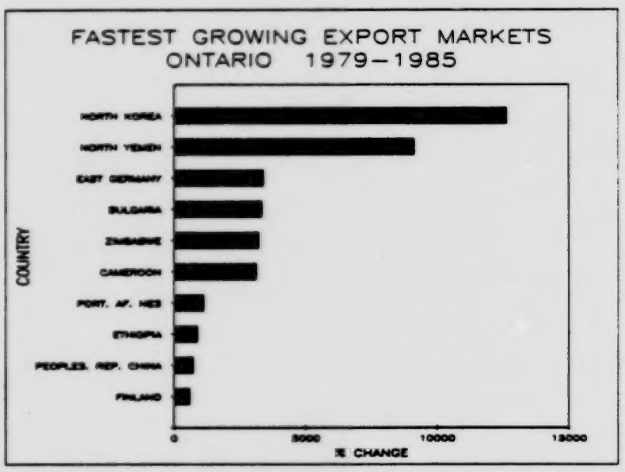


Source: Statistics Canada, Exports: Merchandise Trade, Catalogue 65-202

LEADING ONTARIO EXPORT MARKETS
1985

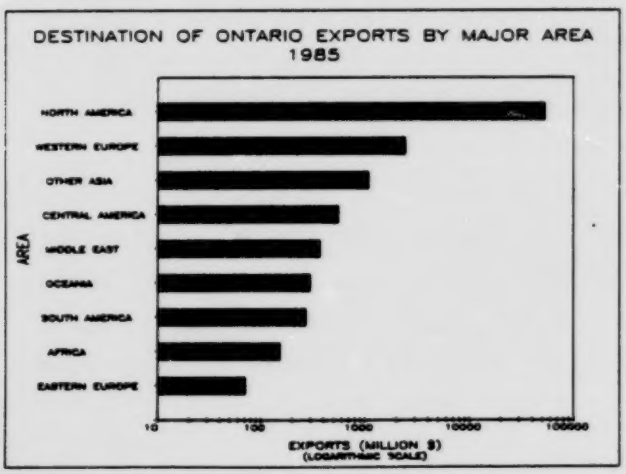
Source: Statistics Canada, Exports: Merchandise Trade, Catalogue 65-202

FASTEST GROWING EXPORT MARKETS
ONTARIO 1979-1985



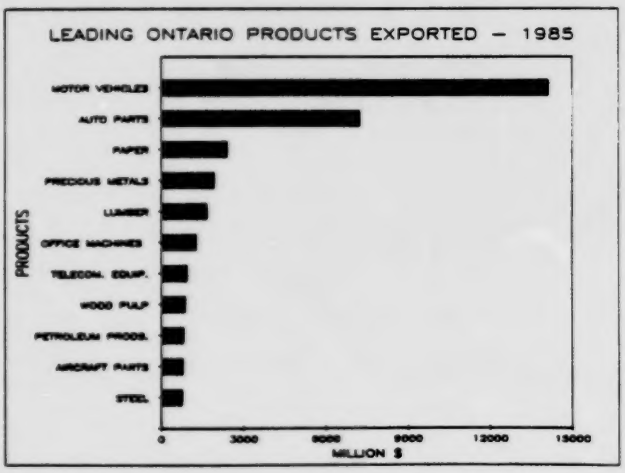
Source: Statistics Canada, Exports: Merchandise Trade, Catalogue 65-202

DESTINATION OF ONTARIO EXPORTS BY MAJOR AREA
1985



Source: Statistics Canada, Exports: Merchandise Trade, Catalogue 65-202

LEADING ONTARIO PRODUCTS EXPORTED - 1985



Source: Statistics Canada, Exports: Merchandise Trade, Catalogue 65-202

dramatically, from 11 percent in 1950 to 21 percent in 1980. Not only has world trade expanded, but the types of products and commodities traded have changed. Manufactured goods have also become a greater proportion of total trade than in the immediate post-war period.

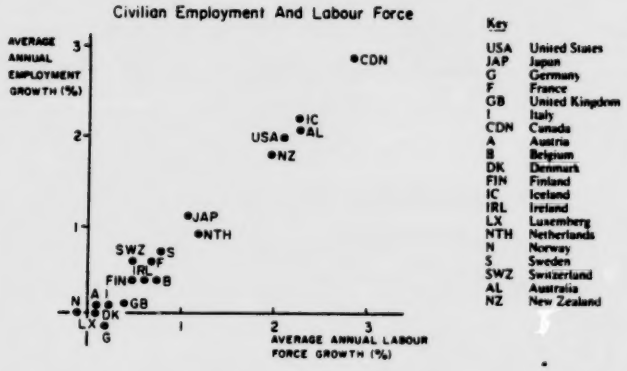
The relative shares of total world trade have changed significantly in the post-war era. Countries such as Japan and Germany have made substantial gains in their share of world trade. The European Community emerged as the world's largest trading block and by 1983 the developing countries accounted for almost 30 pecent of world trade. Canada, the United States and the United Kingdom have all lost share of world trade. However, Canada and all of its chief trading partners experienced substantial growth in the volume of foreign trade relative to domestic production.

The Canadian economy depends more heavily on international trade than most other industrialized economies. Canada exported close to 30 percent of its GNP in 1980, compared to less than 10 percent in the United States. Canada's share of world trade was 4.6 percent in 1985.

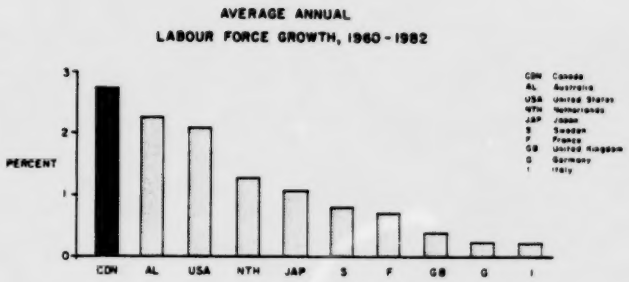
Ontario accounts for more than 40 percent of Canadian exports. Approximately 91 percent of Ontario exports were destined for the United States in 1985, up from 78 percent in 1979. Most of Ontario's trade with the United States is with the snowbelt regions. The United Kingdom, Japan, West Germany and the Netherlands are the next most important markets. The ten leading markets account for approximately 96 percent of all exports of provincial products. The fastest growing Ontario export markets between 1979 and 1985 include a variety of Pacific Rim, African and East European countries.

Motor vehicles and auto parts continue to be Ontario's leading exports, followed by paper for printing, precious metals, lumber, office machinery and equipment, telecommunications equipment, wood pulp, petroleum and coal products, aircraft and parts, and steel.

AVERAGE ANNUAL RATES OF GROWTH: ADVANCED OECD COUNTRIES, 1960-1981

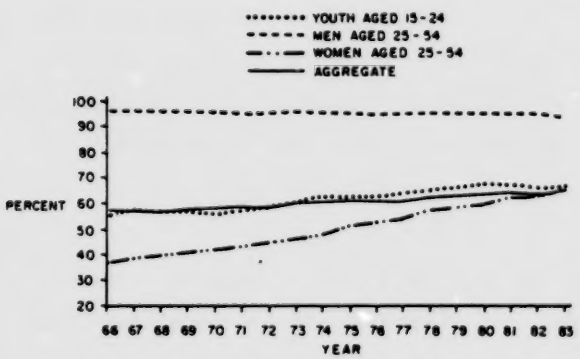


Source: *Organization for Economic Co-operation and Development, Historical Statistics, 1960-1982. (Paris: OECD, 1984), as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, 1985.*



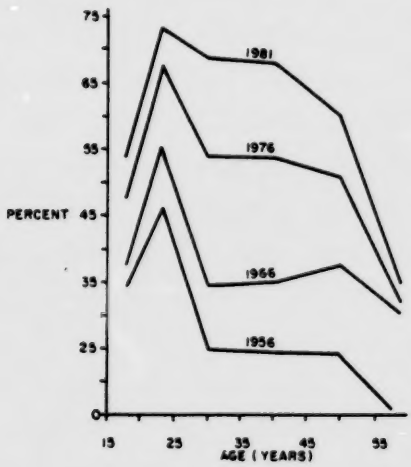
Source: *Organization for Economic Co-operation and Development, Historical Statistics, 1960-1982. (Paris: OECD, 1984), Tables 1.3, 1.7, 3.7, as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, 1985.*

PARTICIPATION RATES AMONG CERTAIN DEMOGRAPHIC GROUPS 1966-1983



Source: *Statistics Canada: Historical Labour Force Statistics - Actual Data, Seasonal Factors, Seasonally Adjusted Data, 1983 (Ottawa: Ministry of Supply and Services Canada, 1984, as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, 1985.*

FEMALE PARTICIPATION RATES BY AGE, CANADA



Source: *David K. Foot, The Impacts of Population Growth and Aging on the Future Canadian Labour Force, in Canadian Labour Markets in the 1980's, Proceedings of a Conference held at Queen's University, February 25-26, 1983 (Kingston: Queen's University, Industrial Relations Centre, 1983), p. 400, as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, 1985.*

Further trade liberalization under GATT or a free trade agreement with the United States is likely to lead to significant adjustments in the manufacturing sector of the Hamilton-Wentworth economy. The need for international competitiveness will lead companies to search for ways to increase productivity, including the application of new technology. **Rationalization in the manufacturing sector will continue; downward pressure on wages is likely due to competition from low-wage areas; and employment growth will be minimal in many of the established industries in Hamilton-Wentworth.**

3. Labour Force Changes

The third critical force shaping structural change in the advanced economies is the drastic change in the size, composition and ability of the labour force.

Long-term employment growth is directly linked to labour force growth in virtually all Western economies. During the 1970's, Canada's labour force and employment grew more quickly than any other Western nation. The link between labour force growth and employment growth also appears to apply to regional economies. American research indicates that regional size is a major determinant of ability to attract human capital-intensive activities, such as corporate head offices, services to business, and finance, insurance and real estate, which are the fastest growing sectors of the economy.

The labour force is also becoming more mobile, possibly in response to increased national and international capital mobility, and possibly to escape regional labour market rigidities.

The post-war increase in female participation rates fuelled the rapid labour force growth. It also provided an ample supply of clerical workers, who were needed to cope with increases in information-processing. More recently, female participation rates have been climbing in non-traditional and highly qualified occupations.

Educational attainment has also risen sharply in the post-war period. The availability of more qualified people has enabled large corporations to use more sophisticated management systems and new technology.

The shift to services, combined with changes in the organization of production, has been accompanied by a significant shift in the occupational compostion of employment from blue collar to white collar work. Well over 80 percent of the new jobs created in Canada in the last 20 years have been in white collar occupations.

Consequences for Manufacturing

The forces underlying structural change interact to affect the behaviour of large corporations in ways with significant implications for the regional location of manufacturing industries. Some of these trends are:

1. The concentration of service functions at head offices. Large firms with national and international markets now perform most service functions at central offices, rather than at individual plants. This trend, which is made possible by new technology in analyzing and communicating information and improved management techniques, means that production facilities can be geographically dispersed and still controlled effectively from a separate head office.

2. The international division of labour. Trade liberalization, technological advances, and improved managerial techniques have permitted large corporations to divide tasks on a global scale. De-skilling of jobs allows them to be performed by the large, poorly paid Third World labour forces. Industries such as clothing, textiles and electronics demonstrate this shift.

3. Unprecedented international capital mobility. Capital mobility has increased dramatically as a result of the reduction of political, tariff and technological barriers, improvements in information-processing capability, and the increased liquidity of international capital markets. Corporations are now able to move capital from place to place on the basis of the most favourable combination of inputs more easily than ever before. The widely known shift of manufacturing plants to the Sunbelt Region of the United States and Third World countries such as Mexico is an example of capital mobility. However, the centres of control have tended to remain in U.S. Snowbelt cities, despite the shift of production facilities.

4. The rise of the large multi-locational corporation. By 1980 more than 70 percent of all private economic activity in the United States was controlled by eight hundred conglomerate firms, while the remaining 30 percent was shared by 14 million other firms.

5. Corporate rationalization and restructuring. A case study analysis of 60 plant closures in Metropolitan Toronto found that rationalization and restructuring were recurring themes among the reasons given for job losses. The study also found that world-wide corporate strategy changes could lead to rationalization that closed profitable plants. Kodak's decision in early 1986 to close its new, large plant in Brampton is an illustration of this type of rationalization.

Warning Signs

The Ontario and Hamilton-Wentworth economies have rebounded vigorously in the aftermath of the 1980-82 recession, but several warning signs of potential economic vulnerability indicate that an economic strategy would be timely. These indicators suggest that more than the manufacturing sector will be needed to achieve future employment growth in Hamilton-Wentworth.

PERMANENT AND INDEFINITE LAYOFFS

IN THE HAMILTON CMA

Year	Employees Affected	Hamilton CMA's Share of Ontario Layoffs	Hamilton CMA's Share of Ontario Employment
1981	3,132	15.9%	6.1%
1982	6,357	13.8%	6.1%
1983	3,468	20.1%	5.9%
1984	2,073	14.9%	6.2%
1985	978	15.8%	6.0%

Note: Layoffs of more than 50 people in a four week period with a duration of more than 13 weeks must be reported to the Ontario Ministry of Labour under the Employment Standards Act.

Source: Ontario Ministry of Labour, Plant Closure Review and Employment Adjustment Branch, CMA's share of Ontario employment from the Labour Force Survey.

Manufacturing has lagged the general economic recovery in Ontario. After three years of recovery, total employment in Ontario has increased by 8.3 percent from its 1982 low of 4,067,000 and has surpassed the pre-recession high by 232,000 jobs. Manufacturing employment did not start to recover until 1984 and had still not achieved pre-recession levels by the end of 1985, after two full years of recovery.

Secondly, **the increase in the unemployment rate as a result of the recession was more severe for the Hamilton Census Metropolitan Area (CMA)[1] than for Ontario.** Unemployment rates in the Hamilton CMA were below those in Ontario between 1976 and 1981, but rose well above Ontario unemployment rates during the recession, and then fell below the Ontario rate part way through 1985.

Thirdly, the **Hamilton CMA has been experiencing steady job losses among older established manufacturing industries.**

Finally, recent research analysing the performance of metropolitan economies in the United States paints a bleak future for manufacturing centres that have not managed to diversify their economies:

> ... manufacturing centres ... have traditionally been more likely to be engaged in standardized production work (mostly assembly work). Futhermore, as a result of the accelerated process of corporate concentration characteristic of the 1960's and 1970's, they have often tended to lose whatever little involvement they may have had in the planning, administration, or research and development functions of their industry. As a result, they have tended to be the most vulnerable to adverse development affecting their particular industry and to the widespread shrinking of blue-collar jobs. These centres have demonstrated very limited ability to dissociate themselves from their blue-collar image and have found very little relief other than through developing local public sector jobs or consumer-oriented services to fill the gap of plant shutdowns.

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1. The Hamilton Census Metropolitan Area consists of the Region plus Burlington and Grimsby. It is defined by Statistics Canada on the basis of labour market criteria. Many of the statistics cited in this report are for the CMA.

The Winter 1985-86 issue of the Federal Reserve Bank of New York's Quarterly Review describes the labour market adjustments that have taken place in Buffalo, a typical manufacturing centre, since the late 1970's. These adjustments were:

- a drop in the area's labour force;
- a decline in wages paid to Buffalo's workers in most industries and occupations compared with similar workers elsewhere; and,
- employment growth in industries paying workers much less than the declining manufacturing industries.

The analysis concludes that even with these rather dramatic changes, Buffalo's economy remains vulnerable.

It is therefore in the interest of the Region to develop a strategy for re-positioning the Hamilton-Wentworth economy to take advantage of opportunities for growth and diversification. The best time to do this is in a period of good economic conditions so that attention can be diverted from short run cyclical problems to long-term structural adjustment.

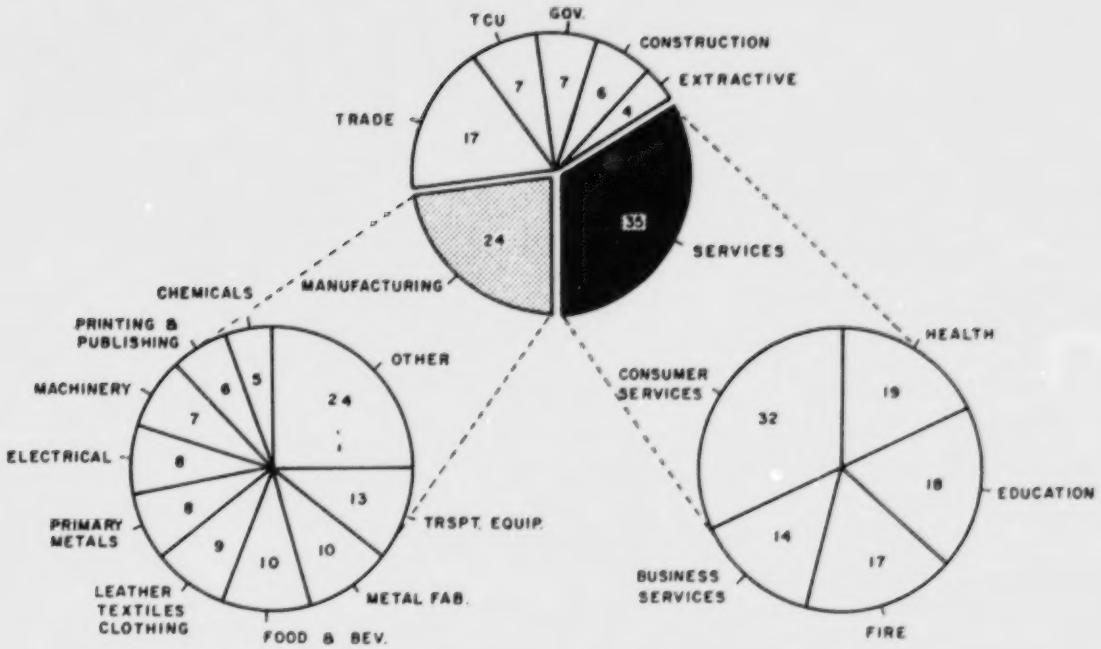
CHAPTER 3

THE BASIS OF THE ECONOMIC STRATEGY

SECTORAL COMPOSITION OF EMPLOYMENT

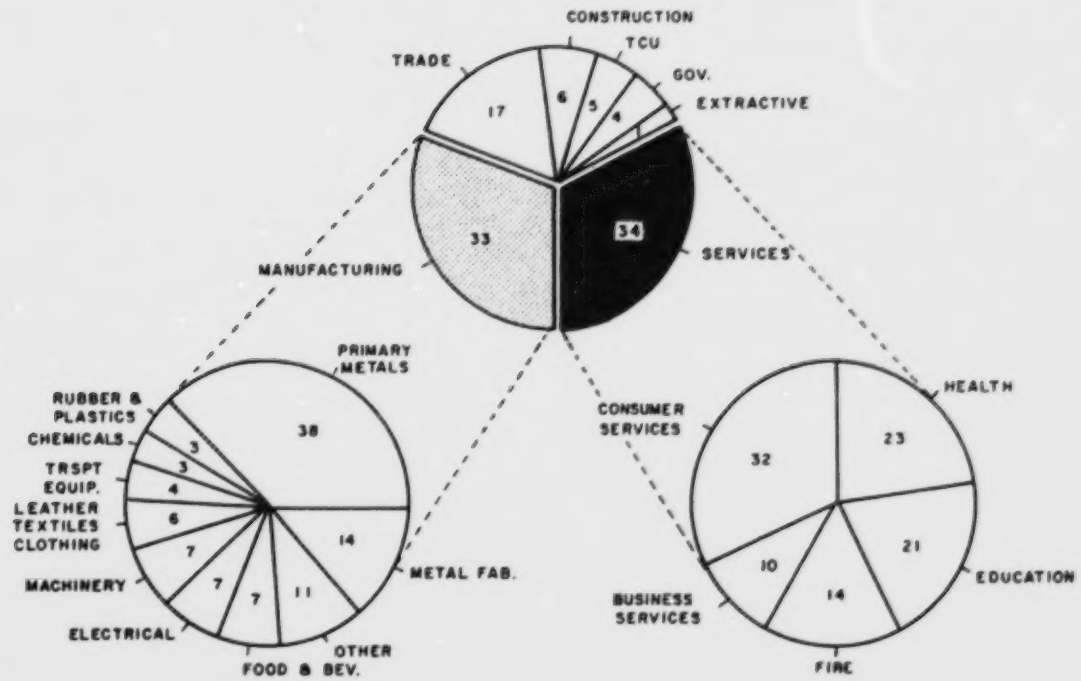
ONTARIO 1981

(PERÇENT)



HAMILTON CMA 1981

(PERCENT)



FIRE = FINANCE, INSURANCE AND REAL ESTATE

TCU = TRANSPORTATION, COMMUNICATION AND UTILITIES

Source: Statistics Canada, Labour Force - Industry Trends, Catalogue 93-925.

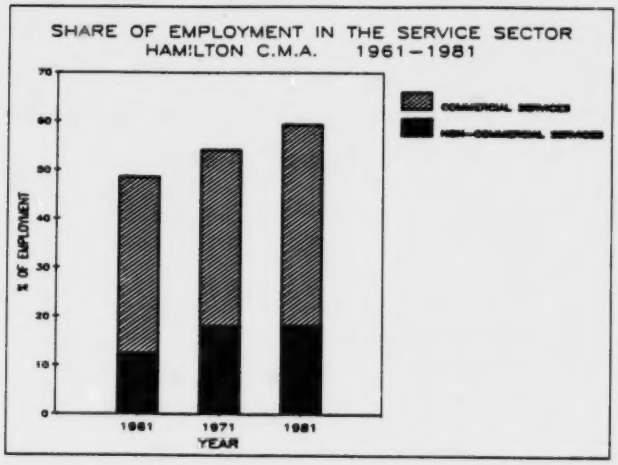
The economic strategy rests upon conclusions about employment, occupational and demographic trends. This chapter provides the analytical basis for the strategy. No strategist can foresee the future but intelligent judgements about broad trends in sectoral growth must be made.

A. EMPLOYMENT

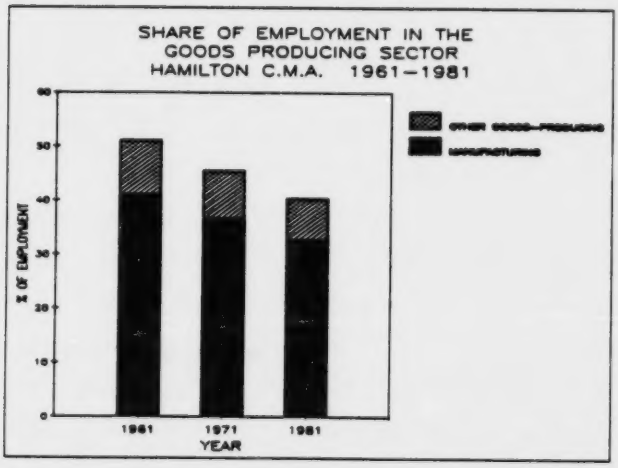
The Structure of the Regional Economy

Everyone knows that the regional economy is specialized in manufacturing. In 1981, manufacturing accounted for 19 percent of employment in Canada, 24 percent in Ontario, and 33 percent in the Hamilton CMA. The 9 percent difference between Ontario and the Hamilton CMA meant that the CMA had lower shares than Ontario in other sectors - 1 percent lower in services, 2 percent lower in transportation, communication and utilities, 3 percent lower in extractive industries and 3 percent lower in government.

There were sharp differences between Ontario and the Hamilton CMA in the composition of manufacturing employment. The primary metals industry provided 38 percent of the manufacturing employment in the CMA, whereas it only provided 8 percent of Ontario's manufacturing employment. The CMA is also specialized in metal fabricating, which has a 14 percent share of employment, compared to 10 percent in Ontario as a whole. The Hamilton CMA is under-represented in transportation equipment (4 percent vs. 13 percent) and the "other manufacturing" category (11 percent vs. 24 percent). The CMA's degree of specialization in primary metals increased slightly between 1971 and 1981, from a 36.6 percent share to a 38.0 percent share.



Source: Statistics Canada, Census of Canada, Population, Catalogue 94-504 (1961), 94-714 (1971), 93-966 (1981).



Source: Statistics Canada, Census of Canada, Population, Catalogue 94-504 (1961), 94-714 (1971), 93-966 (1981).

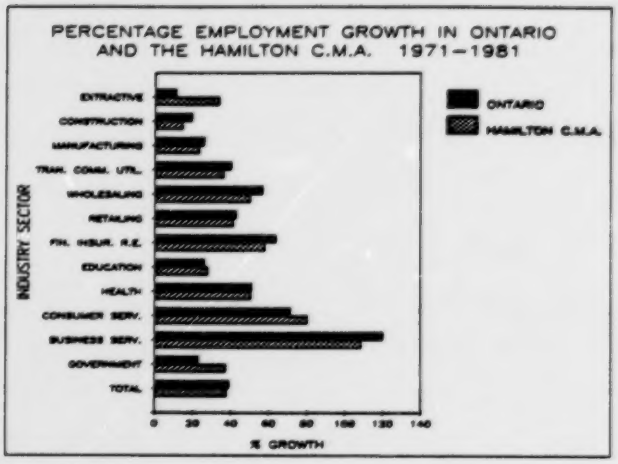
The composition of service sector employment in Ontario and the Hamilton CMA also differed. The Hamilton CMA had a greater share of service sector employment in non-commercial services (education and health). The Ontario economy had a greater share in producer services (services to business, and finance, insurance and real estate).

Growth Sectors

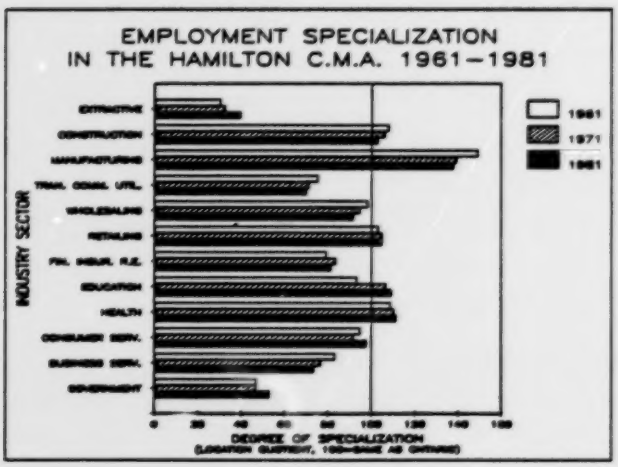
Employment increased between 1961 and 1981 in all sectors of the Canadian economy, except for extractive industries. This was also true for the Ontario and regional economies. The important structural shifts among sectors are a result of differential growth rates, rather than absolute declines in employment in particular sectors.

In the Hamilton CMA, the service sectors increased their share of employment from 49 percent to 59 percent between 1961 and 1981. Between 1961 and 1971 the gain was entirely in non-commercial services, principally education. Between 1971 and 1981 the gain was almost entirely in commercial services.[1] The goods-producing sectors' share of employment decreased from 51 percent to 41 percent between 1961 and 1981. The manufacturing sector's share of employment fell 8 percent during the same period, from 41 percent to 33 percent. Although current data at the CMA level is not available, it is also highly likely that the manufacturing sector's share of employment decreased during the recession of the early 1980's, since goods-producing industries are traditionally more vulnerable to cyclical fluctuations than service industries.

1. Commercial services consist of the consumer services, services to business, distributive services, and finance, insurance and real estate sectors. Non-commercial services consist of the health, education and government sectors.



Source: Statistics Canada, Census of Canada, Catalogue 95-504 (1981), 94-719 (1971), 93-966 (1981).



Source: Statistics Canada, Census of Canada, Catalogue 94-719 (1971), 93-966 (1981), 92-925 (1981)

Total employment in the Hamilton CMA increased by 37.8 percent between 1971 and 1981, slightly less than the 39.2 percent increase for Ontario. The fastest growing sectors in the Hamilton CMA between 1971 and 1981 were:

- o services to business - 108 percent
- o consumer services - 81 percent
- o finance, insurance and real estate - 58 percent
- o health - 51 percent
- o wholesale trade - 50 percent
- o retail trade - 41 percent

No other sector grew faster than the CMA average. The same sectors were the leaders in employment growth in Ontario, although health and wholesale trade reversed positions and the percentage increases for each sector were somewhat different.

Specialization in the Regional Economy

The regional economy is specialized in manufacturing, health, education, retail trade and construction, compared to the Ontario economy. For the first three, the regional economy is at least 10 percent more specialized in terms of employment than the provincial economy. The regional economy is significantly under-specialized in extractive industries, government, transportation, communication and utilities, services to business, and finance, insurance and real estate.

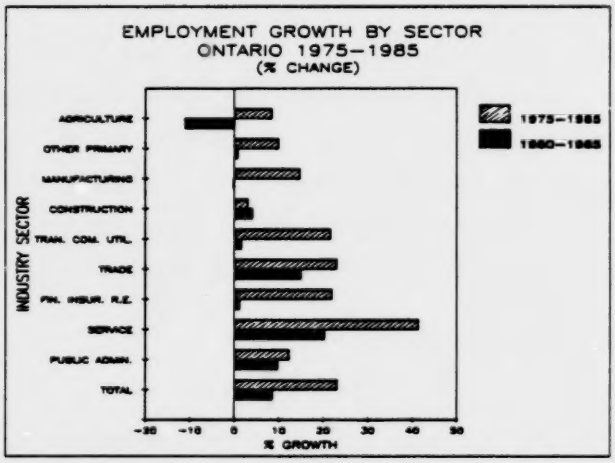
The degree of specialization of the regional economy has been increasing significantly in education, consumer services, government and extractive industries. Slight increases in specialization have occurred in retail trade, finance, insurance and real estate, and health. Decreases in specialization have occurred in five sectors: manufacturing, services to business, wholesale trade, construction, and transportation, communication and utilities.

It is disturbing that the regional economy has been losing ground in both its traditional mainstay, manufacturing, and its fastest growing sector, services to business. The reason for this is that while these sectors are growing in the CMA, they are growing more quickly in Ontario. In the case of the services to business sector, growth in Hamilton between 1971 and 1981 was 108 percent, but growth in Ontario was 120 percent.

The Effect of the Recession

The manufacturing sector was supplying approximately one of every five new jobs created in the Hamilton CMA prior to the recession. During the recession many manufacturing firms learned to produce each unit of output with fewer employees. Some of these job losses turned out to be permanent, despite post-recessionary demand increases. This has resulted in increasing productivity in the manufacturing sector. However, the effects of higher levels of productivity on employment are unclear. Although rising productivity means fewer jobs for a given amount of output, productivity and technological improvements historically have been associated with lower costs and greater demand, which means more jobs.

Current projections call for continued faster growth in the service sectors than in the goods-producing sectors. The manufacturing sector is unlikely to exceed its former performance in job creation. Most of the new jobs in manufacturing will be in small, light industries, rather than the heavy or smokestack industries upon which the regional economy was



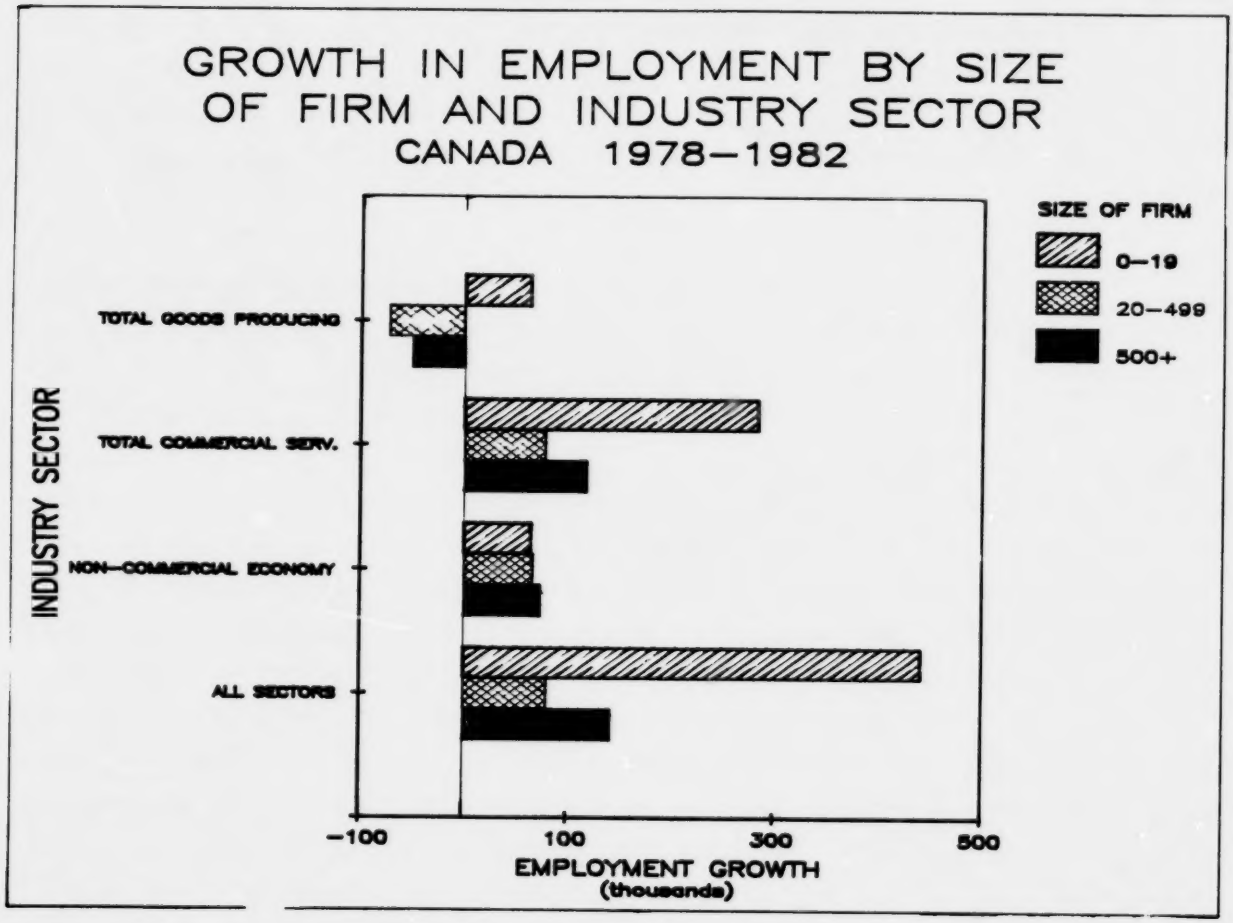
Source: Statistics Canada, Labour Force, Catalogue 71-001 and 71-529.

built. In his keynote address to the Economic Futures Conference, Chris Freeman suggested that the manufacturing sector could suffer a large fall in its share of employment as a result of the diffusion of new technology. Trade initiatives such as the current free trade negotiations with the United States or a new GATT agreement could accelerate this process.

Structural change increases during periods of substantial economic growth or decline. Contrary to popular perceptions about the speed of change, structural adjustment in the Canadian economy during the 1970's was slower than in the 1960's, primarily as a result of slower economic growth.

The early 1980's recession accelerated structural adjustment. Between 1980 and 1985, total employment in Ontario increased by 8.3 percent. The community, business and personal services sector was the fastest growing sector, with an increase in employment of 20.3 percent. Trade (15.0 percent) and public administration (9.8 percent) were the only other sectors in which employment grew faster than the provincial average. Employment in the manufacturing sector fell slightly. The community, business and personal services sector increased its share of employment by 4 percent between 1980 and 1985, from 27 to 31 percent, while the manufacturing sector's share of employment fell 2 percent, from 24.9 to 22.9 percent.

These data confirm that the shift towards the service sectors persisted through the recession and into the recovery in the Ontario economy. Although statistics by sector for the Hamilton CMA are not available for the 1982 to 1985 period, it is highly probable that the CMA exhibited the same trend.



Source: *S. Wells, Assistant Chief Statistician, National Accounts and Analytical Services, Statistics Canada. Presentation to Royal Commission Small Business Seminar, October 15, 1984, as cited in The Royal Commission on the Economic Union and Development Prospects for Canada, Vol. 2, 1985.*

The Importance of Small Business

Small firms provide a relatively small but growing share of employment - 28 percent of total employment in 1974 (excluding non-commercial services) and 33 percent in 1982.

Small firms create a disproportionately large share of new jobs. Research on the Canadian labour market found that small enterprises were the most important job creators during the 1970's, particularly in commercial services. Futhermore, small firms dominated what job creation took place in the goods-producing sectors during the late 1970's and early 1980's.

A 1985 study by the Federal Department of Regional Industrial Expansion found that **58 percent of the net new jobs created in the Canadian economy between 1974 and 1982 were in enterprises with fewer than 20 employees.** A similar study of the U.S. economy by Birch found that 66 percent of the net new jobs created between 1969 and 1976 were in firms with fewer than 20 employees. A 1986 Statistics Canada study found that 83 percent of the net new jobs created in the commercial economy (i.e., excluding non-commercial services) between 1978 and 1982 were in small firms.

The Manufacturing Sector

Although the manufacturing sector as a whole will play a minor role in future employment growth in the Region, it has been so important historically that further analysis of potential growth areas within the sector is warranted. It is important that Regional efforts to attract manufacturing industry be focused on those portions of the manufacturing sector that have been outperforming the others and that demonstrate potential for continued good performance.

The analysis is based on a strategic framework developed by Fleck and D'Cruz using international data from the French government's data base. It groups industries into strategic clusters based on similarities in the effects of competitive forces on their performance. The strategic clusters are: (1) commodity industries; (2) sunset industries; (3) high technology industries; (4) capital-intensive industries; (5) labour-intensive industries; and (6) transport equipment industries.

Commodity Industries

The Commodity Cluster is made up of mature resource-processing industries in which Canada has a substantial competitive advantage. The output consists of semi-finished or finished materials that become the inputs for other industries. Some of the industries in the Commodity Cluster are: meat and poultry products, basic iron and steel, lumber and wood materials, pulp and paper, and petroleum derivatives.

Analysis of the commodity sector shows that industries in this sector have slow-growing or declining markets. Job growth has been poor, and is expected to be worse in the future.

Canada can no longer look forward to a rapid international growth in demand for resources. The demand for resources is declining as major developed countries are turning their attention away from resource-intensive industries towards knowledge-intensive industries that require fewer resources. As well, changes in production technology have reduced the quantity of resource-based inputs per unit of output in many industries.

Supply conditions have also been altered. While the demand for most raw materials is unlikely to grow, the supply continues to grow as third world countries improve their capacity to export raw materials.

Sunset Industries

The Sunset Cluster consists of industries that have lost competitive advantage, are mainly labour intensive, and are competing with efficient producers in low wage countries. Examples of Sunset industries include: heavy electrical equipment, yarns and fabrics, clothing, confectionaries, leather products, furs and shoes, hosiery and knitwear, foundry products, and iron and steel products.

Sunset industries face declining demand for their products or are less able to compete with similar industries abroad. The cost of labour is an important issue in the Sunset Sector. Canadian wage rates are relatively high, which puts Canadian firms at a disadvantage relative to firms in low-wage, high productivity countries such as Tawain, Hong Kong, Singapore and South Korea. Other low wage developing countries, such as Brazil and Mexico, are also making major in-roads into these markets, although their productivity is not as high as the Asian countries. Part of this disadvantage can be overcome with productivity improvements, but the cost disadvantage cannot be overcome if foreign companies use similar technologies with low wage labour.

High Technology Industries

The **High Technology Cluster contains industries that require a steady flow of funds for research and development to improve products and processes.** They are also frequently high growth industries. Examples of industries in this cluster are: precision instruments, chemicals, aerospace, pharmaceuticals, computer and office equipment, consumer electronics, photographic equipment, and special and miscellaneous machinery.

High technology industries in the early stages of product development and marketing prefer to locate in areas where technically proficient workers are available. These knowledge-intensive industries frequently locate near centres of research and scholarship, such as universities or large government research laboratories.

High technology industries with mature product lines generate mostly low skilled, low paying jobs. They tend to locate in low wage, low overhead areas. Overseas locations are often preferred due to the availability of large pools of highly disciplined, low wage rate labour.

High technology industries that have capital-intensive production processes, and require highly skilled workers are more likely to be attracted to the Region than those with mature product lines. These types of industries have little incentive to move to low wage countries since labour costs do not play a major role in their locational decisions. Quality of life and access to highly skilled workers are the major factors influencing locational decisions.

Capital-Intensive Industries

The Capital-Intensive Cluster is made up of industries where scale economies in production and marketing require large capital expenditures to maintain and develop capacity. Industries in this sector have high capital-to-labour ratios, but are not technologically intensive. Examples of capital-intensive industries are: tobacco products, metal products, paints and pigments, fertilizers, cement, glass and glassware, beverages, ships and boats, plastics and synthetic fibres, cosmetics and toiletries, and household appliances.

Many of the industries in the capital-intensive cluster are in economic difficulty because of unfavourable productivity trends. Success in capital-intensive industries is determined by scale economies and capital utilization. Businesses in this sector are highly volume sensitive, and those that are able to maintain a high volume on a continuous basis are very profitable. Because capital intensive industries are so dependent on sales volumes to remain profitable, it is important for these industries to capture an increasing share of the world market. Industries experiencing positive productivity trends have the ability to remain competitive and penetrate foreign markets.

Labour-Intensive Industries

The Labour Intensive Cluster is made up of labour-intensive industries other than those in the Sunset Cluster that typically do not have significant capital-related barriers to entry. Some examples of labour intensive industries are: clay products, furniture and miscellaneous wood products, plastic products, sporting goods, toys and games, printed matter, and carpets.

Controlling labour costs is the key to success in this cluster. Smaller firms have an advantage over larger firms in terms of labour cost control. One reason for this is that smaller firms are less likely to be unionized, which means wage rates are likely to be lower. Smaller firms are more flexible and better able to vary work assignments according to work loads. Work rules are less rigid and jurisdictional boundaries between trades are less restrictive. Workers in smaller companies often have a better understanding of how the company functions and can do more to make it more efficient and well-run.

The labour-intensive cluster can prosper only if wage rates are kept low enough to allow Canadian industries to compete with those in the rest of the world.

Transport Equipment Industries

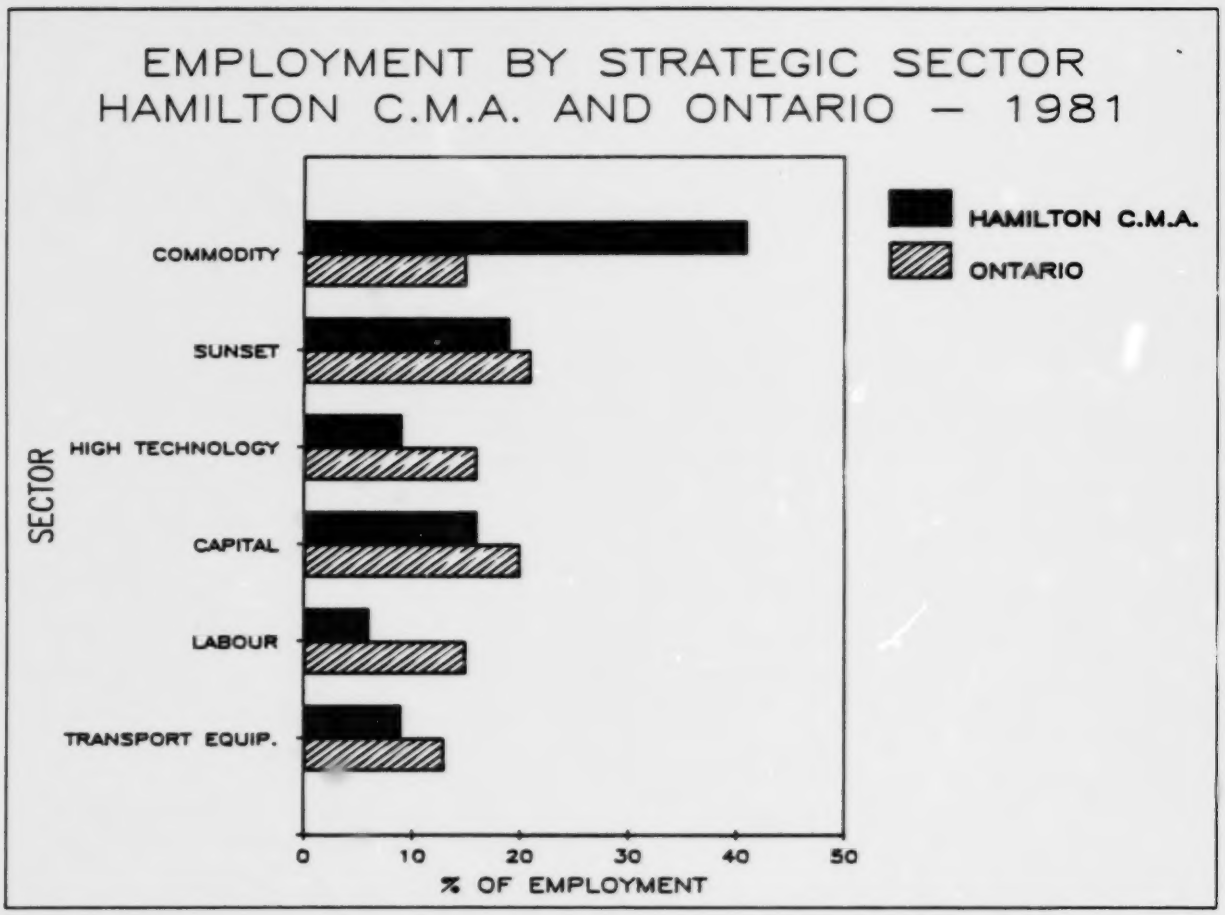
The Transport Equipment Cluster is dominated by the automobile industry, whose strategic characteristics have beeen shaped by the Canada - U.S. Auto Pact.

The transport equipment cluster includes: motor vehicles, motor vehicle parts, agricultural machinery, commercial vehicles and railways, and rubber products.

Transport equipment industries are relatively mature. Most of the North American industry is run by U.S. firms and their subsidiaries. The Canada - U.S. Auto Pact has had a major impact on the industry.

The Auto Pact has benefited Canada in many ways. For example, value added increased in the vehicle and vehicle component industries, and the Canadian industry was able to achieve scale economies and specialization. But there have also been some disadvantages due mainly to Canada's lack of control of strategy formulation for the Canadian auto industry.

In the long run, the auto industry has no choice but to modernize its production arrangements. New technologies, such as robotics, computer controlled machines, and flexible manufacturing industries, are revolutionizing the automotive industry. Productivity gains are essential in order for the North American industry to remain competitive. However, the North American market is mature, which will limit the automakers' ability to make productivity gains without decreasing the size of the work force. It should therefore be expected that employment will decline in the main automobile plants as automation takes hold. It appears that the only area where job growth is possible is in the auto parts industry.



Source: Statistics Canada, Labour Force - Industry Trends, Catalogue 92-925.

Targeting Strategic Clusters

The purpose of grouping industries into clusters with similar strategic characteristics is to identify the industry groups with the most potential for future growth and expansion. Since resources are scarce, the optimal strategy for regional economic development involves the active pursuit of industries that are growing and that have the potential to continue to grow in future years. This is not to say that manufacturing industries outside of the target range will not be welcomed in the Hamilton-Wentworth Region, but only that economic development resources should not be funnelled into industries that have limited potential for future growth.

The analysis shows that the majority of strategic clusters have little or no potential for future growth. The Commodity and Sunset Clusters are presently in a state of decline and the Transport Equipment Cluster is facing competitive forces that will limit its potential growth and lead to a fall in employment levels.

Although employment in the Labour-Intensive Cluster is expected to grow, the majority of new jobs created will be low skilled, low paying jobs. These low skilled, low paying jobs do not appear to be worth actively pursuing, and may be difficult to attract to Hamilton-Wentworth.

The remaining two clusters are the Capital-Intensive and High Technology groups. These two clusters contain industries that have potential for future growth in employment and production. Chapter 5 specifies target industries within these clusters.

URBAN DOCUMENTATION CENTRE
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McMASTER UNIVERSITY
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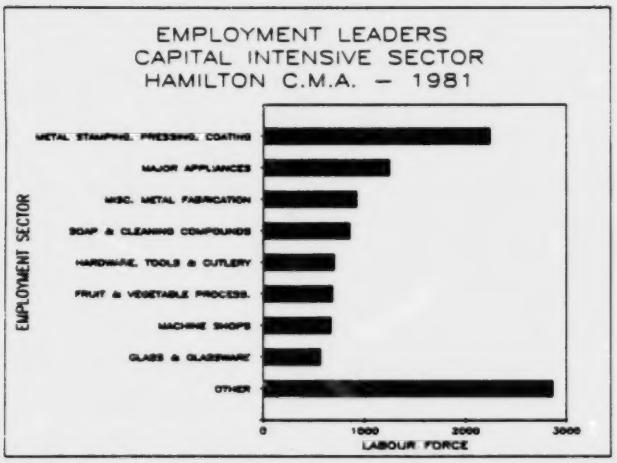
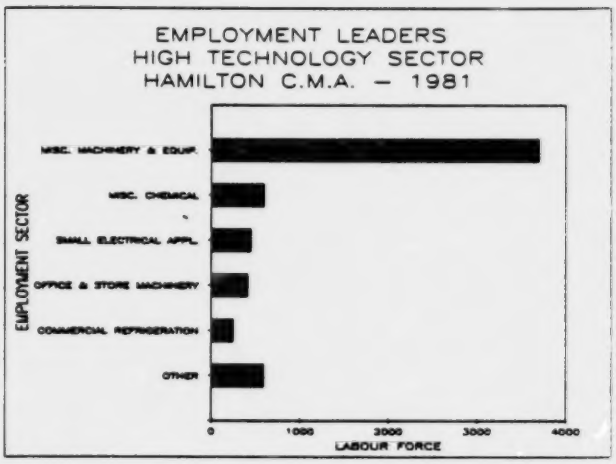
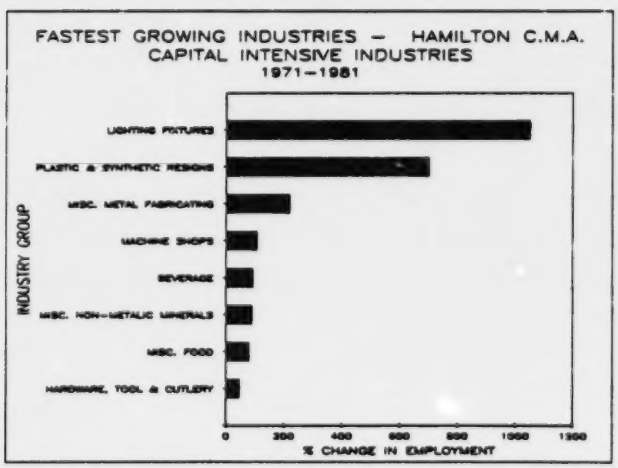


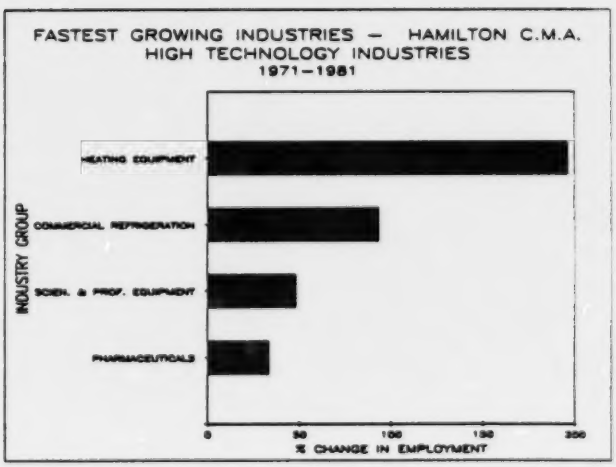
Source: Statistics Canada, Manufacturing Industries of Canada, Catalogue 31-209.



Source: Statistics Canada, Manufacturing Industries of Canada, Catalogue 31-209.



Source: Statistics Canada, Manufacturing Industries of Canada, Catalogue 31-209.



Source: Statistics Canada, Manufacturing Industries of Canada, Catalogue 31-209.

Strategic Clusters in the Hamilton CMA

The Commodity and Sunset Clusters together employ 60 percent of the regional labour force. The high concentration of steel industry jobs in Hamilton accounts for these skewed results. The concentration of employment in these two sectors is a cause for concern. Employment in the Commodity and Sunset Sectors is not expected to grow and may decline in coming years.

A comparison of employment in strategic clusters in the Hamilton CMA and Ontario manufacturing sectors suggests that the Regional manufacturing sector has been slow to adjust towards the growth sectors. The CMA has a high reliance on the Commodity Sector and lags the Ontario figures in the remaining sectors. Fortunately, the Hamilton CMA is slightly below Ontario in percentage of the labour force employed in the Sunset Cluster.

However, the CMA has a smaller proportion of its labour force in the High Technology and Capital-Intensive clusters. Only 9 percent of the Hamilton CMA's labour force is in the High Technology cluster, compared with 16 percent for Ontario. In the Capital-Intensive cluster, the shares are 16 percent for the Hamilton CMA, and 20 percent for Ontario.

There is need for diversification within the regional manufacturing sector. The heavy concentration of employment in the slow growth strategic clusters could cause economic hardships for the Region in future years. The high technology and capital-intensive sectors offer the most potential for new job creation in manufacturing.

Unionization

Contrary to popular perception, the regional economy is not more unionized than other regional economies. Approximately 27 percent of the labour force was unionized in 1983, one of the lower rates in the province.

DEGREE OF UNIONIZATION
(% UNIONIZATION OF THE TOTAL LABOUR FORCE)
(SELECTED YEARS FROM 1975 - 1983)

Census Metropolitan Area	1983	1982	1981	1979	1977	1976	1975
Oshawa	37	34	37	35	N/A	N/A	N/A
Toronto	28	26	26	27	28	28	27
Hamilton	27	26	27	29	29	30	30
Sudbury	40	35	39	40	43	43	45
Kitchener-Waterloo	26	23	24	23	26	27	30
Ottawa-Hull	35	33	32	34	34	32	32
St. Catharines	27	25	25	24	25	25	27
London	27	26	29	29	29	28	28
Windsor	41	32	34	41	44	40	38

N/A: Not Available

Source: Statistics Canada, Corporations and Labour Unions Returns Act, Catalogue 71-202 Annual Statistics Canada, Labour Force Annual Averages 1975-83, Catalogue 71-529

TIME LOST DUE TO WORK STOPPAGES

Census Metropolitan Area	1980-1985 Avg. Annual Person Days Lost	1980-1985 Avg. Annual Employment	1980-1985 Avg. Annual % Work Time Lost
Oshawa	8,012	73,500	0.04
Toronto	368,785	1,601,333	0.09
Hamilton	275,982	253,167	0.44
Sudbury	58,702	56,500	0.42
Kitchener-Waterloo	35,118	145,500	0.10
Ottawa-Hull	19,867	355,167	0.02
St. Catharines	14,332	143,500	0.04
London	30,350	154,500	0.08
Windsor	32,997	106,333	0.12
Ontario	1,591,955	4,172,000	0.15

Note: 1980-1984 Data Based on 1971 C.M.A. Boundaries
1985 Data Based on 1981 C.M.A. Boundaries
1985 Person Days Lost are Preliminary Figures

Source: Statistics Canada, The Labour Force, Catalogue Nos. 71-001 & 71-529, and Labour Canada, Labour Data Branch adapted by Hamilton-Wentworth Regional Planning and Development Department

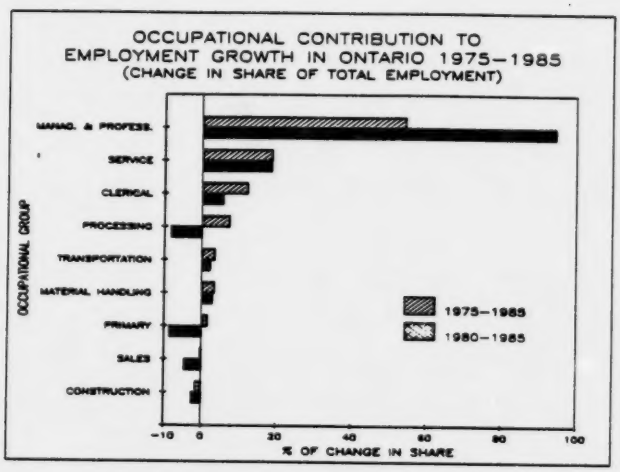
However, the regional economy is more strike prone. The Hamilton CMA performed significantly worse than other Ontario CMAs in terms of percentage of average annual work time lost between 1980 and 1985. No CMA lost more than 0.5 percent of total work time due to work stoppages, but the percentage time lost in Hamilton CMA was almost three times the provincial average.

The degree of unionization in the CMA is comparable to other Ontario CMA's. Since this is not the conventional perception of the regional economy, marketing efforts may need to make this point. However, the work stoppage data indicates that the Region's "union" image may have some validity.

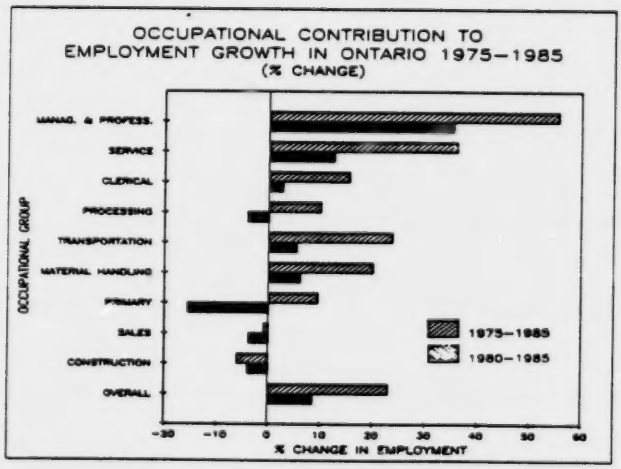
Since future employment growth in the regional economy will primarily be in the service sector, it is unlikely that the degree of unionization in the Region will have a significant impact upon economic development.

Strategic Implications

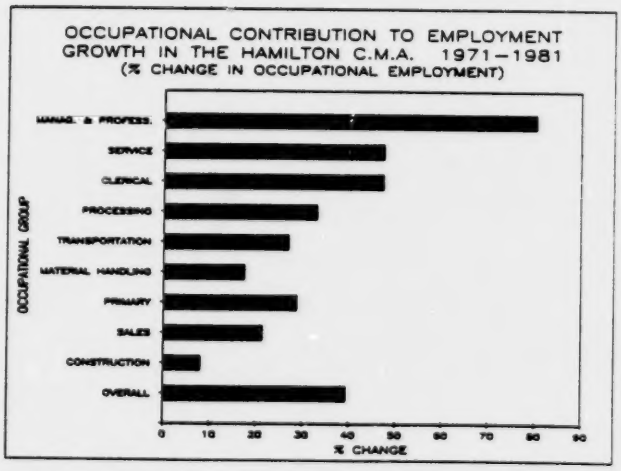
- The commercial services sectors will continue to provide the most potential for employment growth.
- The health sector is the only non-commercial service sector with significant job generation potential. Education and government will not be major sources of new jobs.
- The manufacturing sector cannot be expected to generate a large number of new jobs.
- Growth in commercial services is required to transform the economy into a regional centre.
- Business services and consumer services are likely to continue to provide the highest rates of growth.
- Most new jobs in both the goods and service-producing sectors will come from small firms.
- High technology and capital-intensive industries have the most potential in the manufacturing sector.



Source: Statistics Canada, Labour Force Annual Averages, 1975-1983, Catalogue 71-529, Labour Force: Catalogue 71-001, (1984, 1985).



Source: Statistics Canada, Labour Force Annual Averages, 1975-1983, Catalogue 71-529, Labour Force, Catalogue 71-001 (1984, 1985).



Source: Statistics Canada, Labour Force Annual Averages, 1975-1983, Catalogue 71-529, Labour Force, Catalogue 71-001 (1984, 1985).

B. OCCUPATIONS

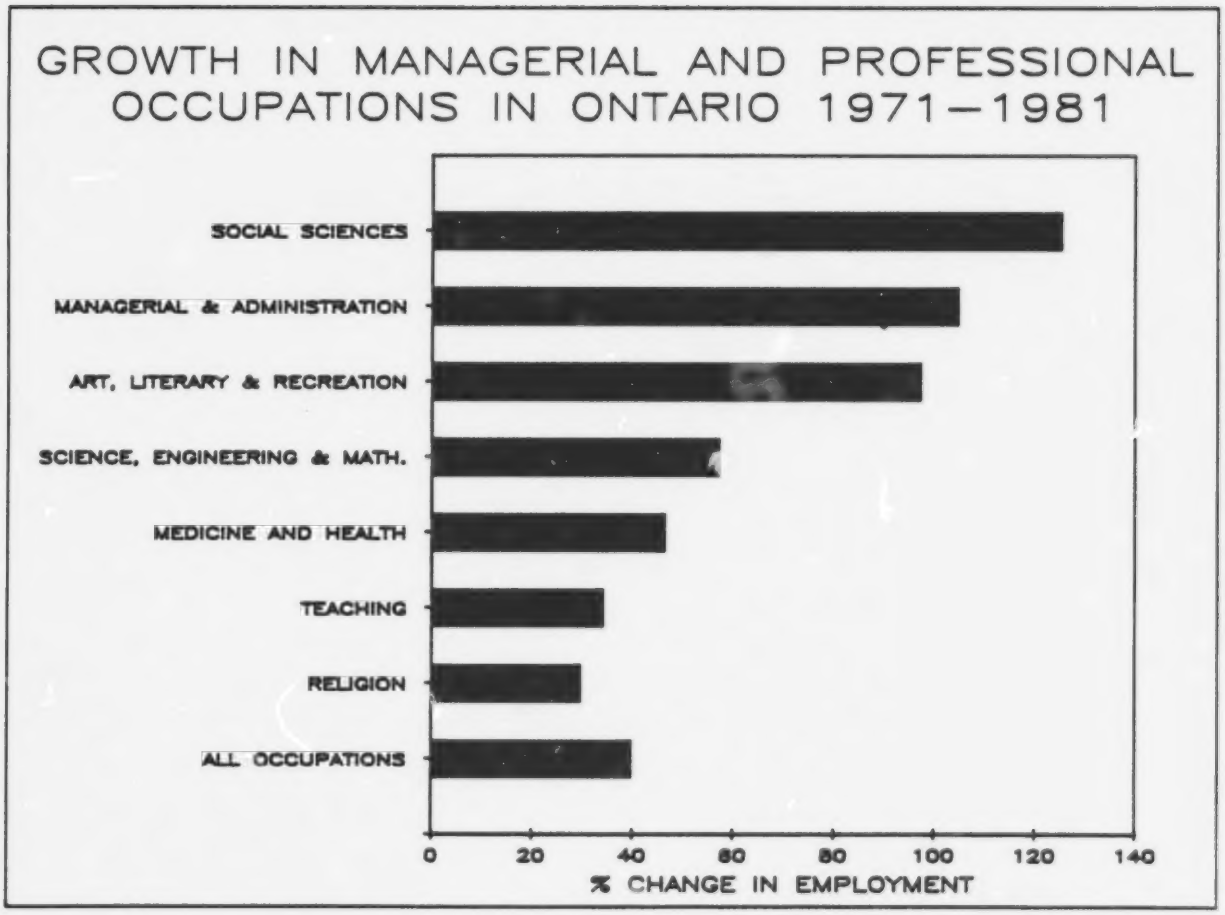
Occupational Shifts

The structural shifts among sectors of the economy are mirrored in occupational shifts. There has been a major shift away from blue collar occupations towards white collar occupations. While traditional blue collar occupations accounted for 32 percent of all jobs in Ontario in 1981 and 36 percent of all jobs in the Hamilton CMA, they play a minor role in job creation. Since 1966, white collar occupations have accounted for over 80 percent of all employment growth, and in some years 100 percent.

The most striking feature of this shift is the overwhelming dominance of managerial and professional occupations in job creation. Between 1975 and 1985, managerial and professional occupations grew 53 percent faster than the next fastest growing occupational group, and were responsible for 57 percent of all jobs created in Canada. In Ontario, managerial and professional occupations accounted for 55 percent of all new employment between 1975 and 1985, and 95 percent of new employment between 1980 and 1985.

In the Hamilton CMA, managerial and professional occupations accounted for 37 percent of the new jobs between 1971 and 1981, the most recent year for which data are available. The comparable figures for this period in Ontario and Canada are 36 percent and 34 percent respectively. No other occupational grouping came close to this rate of increase at any geographical level.

Processing occupations, which include most manufacturing jobs have fared relatively poorly in the last ten years. They provided only 3 percent of the new jobs in Canada between 1975 and 1985, and 8 percent of the new jobs in Ontario.



Source: Statistics Canada, Population: Economic Characteristics, Catalogue 93-966, (1981).

The recession had a pronounced effect on occupational shifts. Employment in primary, sales, processing, and construction occupations declined in absolute terms and in share of employment in Ontario between 1980 and 1985, a period which includes two years of recovery. Employment in managerial and professional occupations increased by 35 percent in the same period. The only other occupational grouping with an increase of more than 6 percent was services, which increased by 13 percent.

The managerial and professional occupational category is worth further attention because of its extremely rapid growth and dominant position in job creation. The fastest growing occupations in this category between 1971 and 1981 were:

	Hamilton CMA	Ontario
o managerial & administrative	172%	105%
o social sciences	121%	126%
o artistic, literary & recreational	103%	97%
o natural sciences, engineering & mathematics	50%	57%
o medicine and health	48%	47%

The growth in these occupations is part of the transformation towards a knowledge-intensive, information-based economy.

Female Occupational Shifts

Clerical, sales, and service occupations are dominated by women, and are still assumed by many to be the major sources of growth for females. During the 1970's this was true, with these three occupations contributing 62 percent of the female employment growth.

However, none of these occupational groups surpassed the CMA's average occupational growth rate of 71 percent for female occupations between 1971 and 1981. The occupations that did exceed this rate of increase were non-traditional, and most were in managerial and professional occupations:

o	managerial and administrative	300%
o	transport equipment operating	270%
o	artistic, literary and recreational	195%
o	social sciences	187%
o	natural sciences, engineering & mathematics	164%
o	other crafts and equipment	163%
o	construction trades	95%
o	religion	77%

Prospects for Growth

The Ontario government established the Task Force on Employment and New Technology in 1984 to assess the impact of technology on employment for the next ten years. The Task Force estimated employment growth by occupational category for the 1985-1995 period.

Six occupational groups are expected to increase their share of employment. Four of the six occupational groups fall into the managerial and professional category. Although clerical occupations are included, they are expected to grow at only half their recent rates.

The six groups are:

- **services;**
- **natural sciences, engineering and mathematics;**
- **managerial and administrative;**
- **clerical;**
- **social sciences;**
- **artistic, literary and recreation.**

These groups are expected to account for over 70 percent of total employment growth.

Four occupational groups are expected to reverse their growth pattern during the 1971-1981 period and begin to lose share of employment:

- teaching;
- product fabricating, assembly and repair;
- medicine and health;
- sales.

Given the demographic changes towards an older population, the projection of a reduced share for medicine and health occupations seems unduly pessimistic.

Six occupational groups are expected to continue to lose their share of employment:

- farming, horticulture and animal husbandry;
- machinery;
- construction trades;
- processing;
- transport equipment operating;
- material handling.

These projections are based on a survey of informed sources. They are conditioned by the policy and fiscal environment prevailing at the time. They affirm the importance of managerial and professional occupations in future employment growth.

Strategic Implications

- Given that the transformation to an information economy will continue for the foreseeable future, it is imperative that the regional economy continue to share in the growth of managerial and professional occupations.

- If growth in managerial and professional occupations does not occur, the potential for regional economic growth will be severely limited.

C. POPULATION

The Importance of Size

A 1984 review by Noyelle and Stanback of urban research concluded that size is likely to remain a major variable in determining the economic structure of metropolitan places, with the largest place likely to offer the most diversified economic bases.

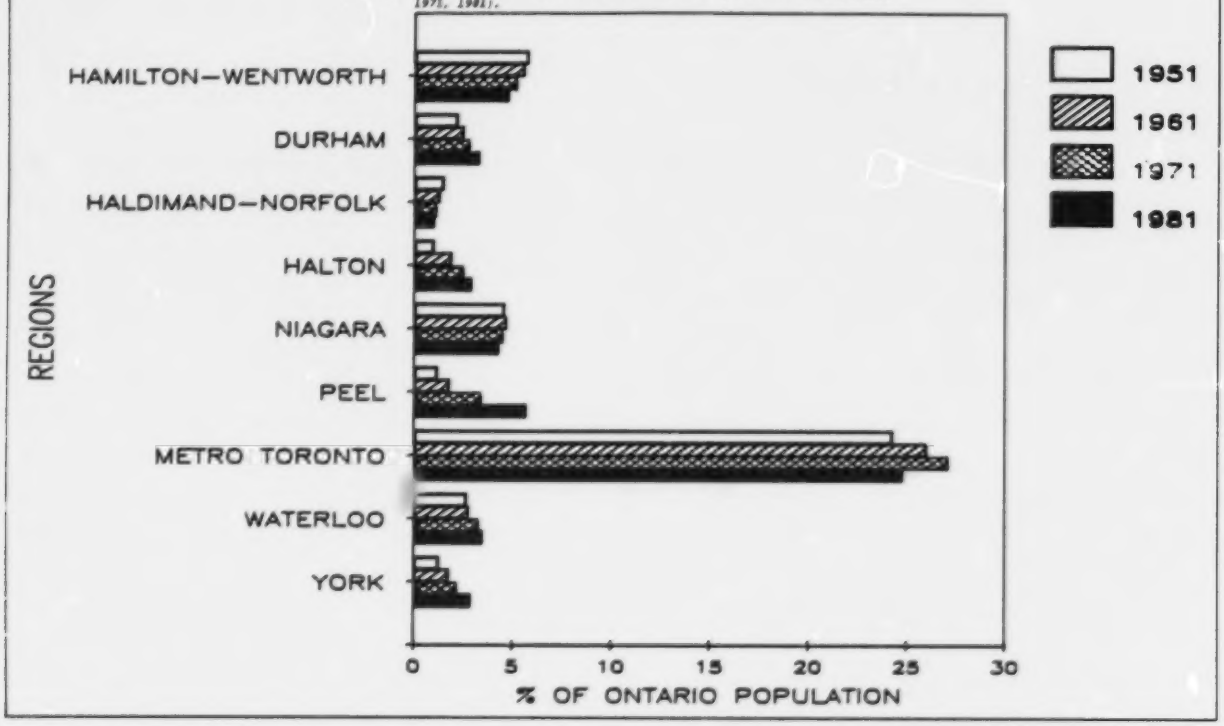
The industrial composition of regional economies is significantly influenced by size. This is particularly true for distributive services (transportation, communication and utilities, and wholesale trade) and the complex of corporate activities (central administrative offices of corporations, services to business, and finance, insurance and real estate). Both are very important in the industrial structure of very large places and relatively unimportant in the smallest. The importance of manufacturing tends to be inversely related to population size, although there are some regions that deviate from the trend.

Regional Population Growth

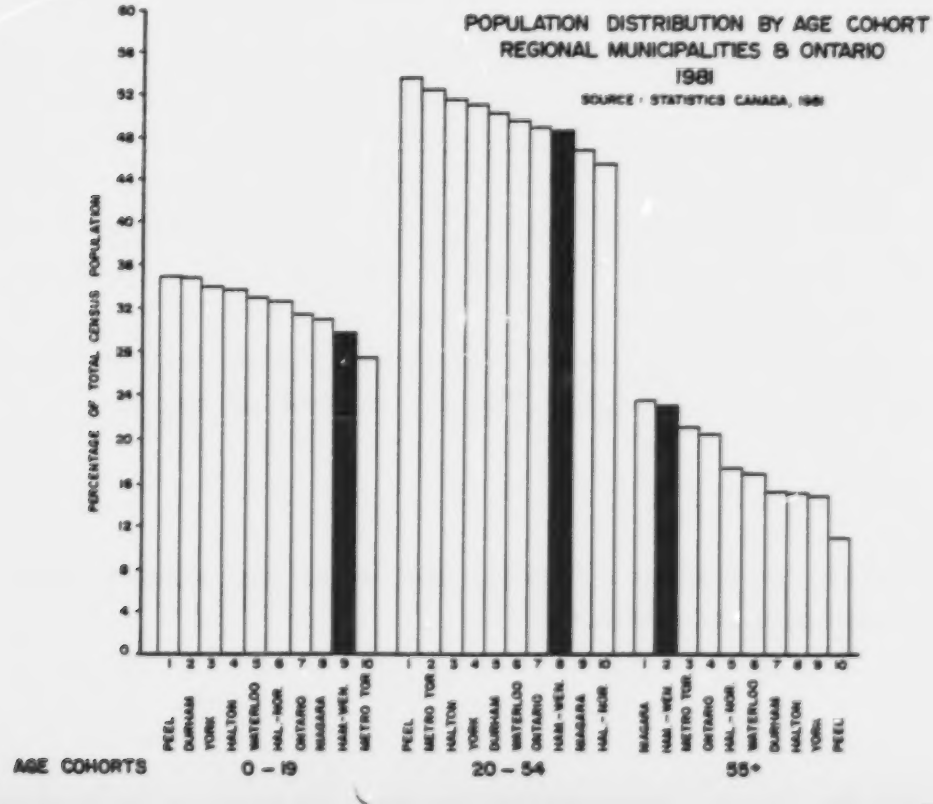
As part of its economic strategy, the Region must contend with several undesirable population trends.

REGIONAL POPULATION SHARES
% OF TOTAL ONTARIO POPULATION
1951—1981

Source: Statistics Canada, Census of Canada, Catalogue 95-903 (1951, 1961, 1971, 1981).



Note: 1951 Data Based on 1981 C.M.A. Boundaries.
1961 Haldimand-Norfolk Boundary includes part of Middleton Township annexed to Tillsonburg Town, April 1, 1974.
1961 Halton Boundary includes part of Halton Hills Town (former part of Nassagaweya Township) annexed to Evanosa Township (Wellington, CD), January 1, 1974.
1961 Peel Boundary does not include part of Oakville City (Halton Region) annexed to Mississauga City, January 1, 1974.



1. Loss of Population Share

Hamilton-Wentworth has been losing its share of the provincial population. In 1951, the Region had 5.8 percent of Ontario's population. By 1981, its share had declined a full percentage point to 4.8 percent. Haldimand-Norfolk and Niagara are the only other Regions in southern Ontario that have lost share. The seven other Regions in southern Ontario all gained a larger share of the provincial population between 1951 and 1981 (although Metropolitan Toronto lost share between 1971 and 1981).

2. An Older Population

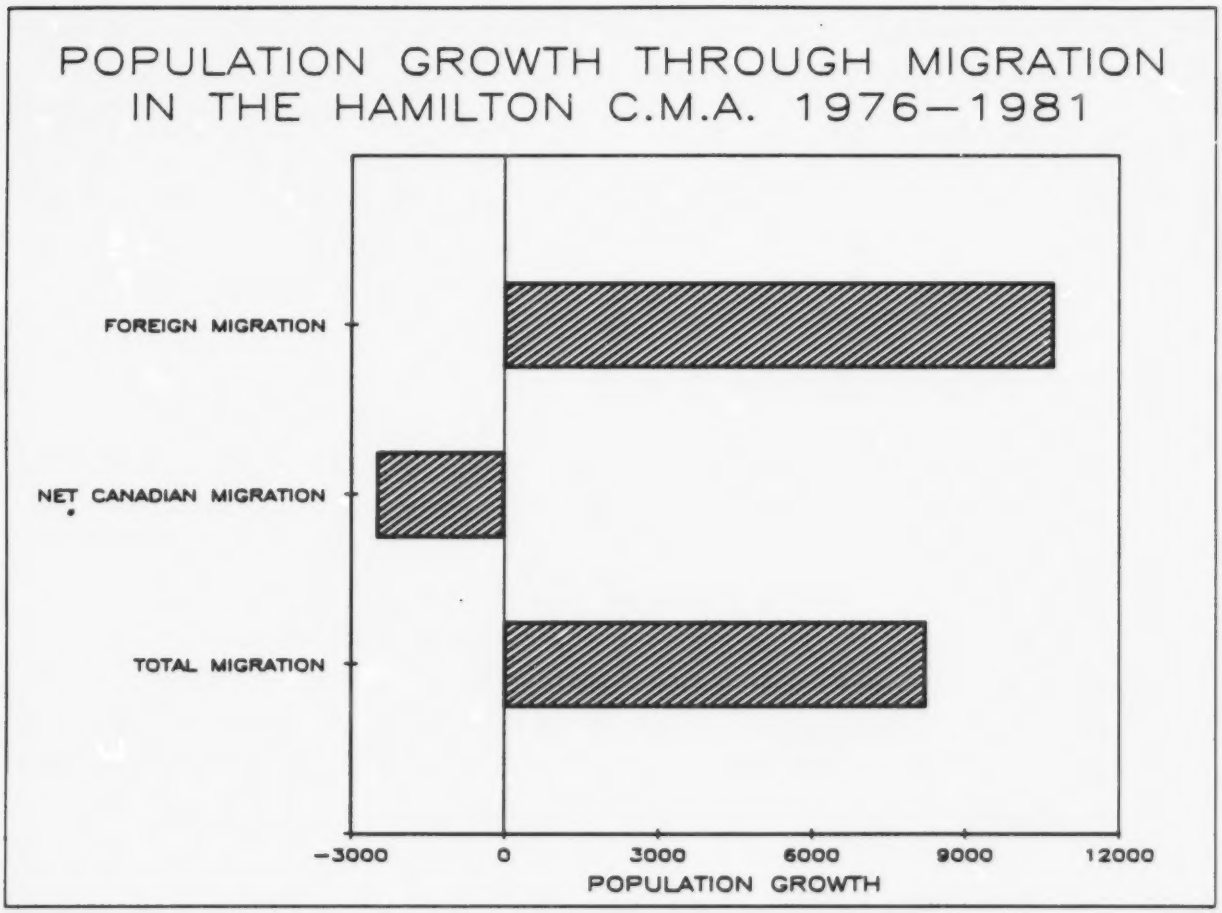
The demographic trend towards an aging population in Canada is well-documented. However, Hamilton-Wentworth's age structure is older than other southern Ontario Regions.

A comparison of 1981 census data for the nine southern Ontario regional municipalities and Ontario as a whole shows that Hamilton-Wentworth had the second lowest proportion of children (0-19) and the second highest proportion of the 55+ age group. It also has the third lowest proportion of population in the working age group (20-54).

3. Migration Losses

The older age structure in Hamilton-Wentworth is at least partially attributable to migration losses. A Statistics Canada study (Shaw, 1985) found that the Hamilton CMA experienced a net loss of 2,500 people to other parts of Canada between 1976 and 1981. Net migration to the C.M.A. was still positive as a result of gains from foreign immigration.

Preliminary analysis by the Planning and Development Department indicates that the Region experienced net migration losses during the first half of the 1980's. The expected exodus from Alberta as a result of the fall in oil prices may reverse this trend.



Source: R. Paul Shaw, Intermetropolitan Migration in Canada: Changing Determinants Over Three Decades, Statistics Canada, Catalogue 89-504E (1985).

Migration losses can impose a heavy drain on the social and economic vitality of urban areas. This follows from the almost universal finding that migration is selective of the younger, more educated, more dynamic elements of the population.

Strategic Implications

- The Region needs to increase its population significantly. To accomplish this, the rate of population growth will have to accelerate.

- The most practical means to increase population is to attract migrants from other parts of Canada. Most of these will probably come from Ontario.

CHAPTER 4

THE ECONOMIC STRATEGY

> The productivity of knowledge has already become the key to productivity, competitive strength, and economic achievement. Knowledge has already become the primary industry, the industry that supplies the economy the essential and central resources of production.
>
> Peter Drucker

Strategic Principles and Assumptions

Every strategy depends on a set of principles and assumptions that provide a basis for goal setting, analysis, and action. The key principles and assumptions underlying the Region's economic strategy are:

- **Overall economic well-being will improve if Regional economic actions are focused by means of a strategy.** This is borne out by the experience of private corporations in strategic planning. For example, the sales performance of companies that practice formal strategic management is superior to those that do not;

- **Both the quantity and quality of employment are important goals.** It is not enough to simply have more jobs, if those jobs are poorly paid, part-time positions in consumer services and retail trade;

- **The payback for the strategy will not be immediate. The recommended strategic actions must be taken in the short term, but the benefits will be realized over many years** because of the emphasis on structural adjustment. Regional and local governments have relatively little power to counter cyclical downturns, except possibly through counter-cyclical timing of capital expenditures. Furthermore, structural adjustment occurs incrementally; the time needed for significant change normally is measured in years, rather than months;

- **The strategy must recognize economic trends, since fundamental market forces are not alterable by the actions of Regional Government.** The strategy therefore adopts an incremental approach that takes advantage of opportunities created by market forces acting on the Regional economy;

- **Comparative advantage can be created.** Traditional trade theory suggests that a country or region's comparative advantage lies in those products that require inputs in relative abundance in the area. The ability of Japan to restructure its economy several times since the war demonstrates that it is possible to create comparative advantage. The Japanese based their industrial policy on a dynamic approach to comparative advantage that emphasized increasing market share in growing markets and achieving high rates of unit cost reduction;

- **The easiest way to achieve economic growth is to expand one's market share in growing markets.** The competitive environment of high growth industries is fundamentally different from the environment in low growth markets. High growth provides the opportunity for capacity expansion and the rapid development of improvements in production processes. Since unit cost reductions are related to production volumes, costs can decline quickly in high-growth industries; and,

- **The best time for a government to attempt to realign economic structure is during a perod of solid economic growth.** Structural adjustment is slower when economic growth is slower. The labour market is more adjustable in high growth periods because the costs of adjustment for individuals are lower.

Findings

The evidence presented in the last chapter provide the basis for the economic strategy:

1. **Structural change will continue,** as the transition to an information economy proceeds and the impact of technological diffusion transforms manufacturing and service industries.

2. **The service sector will be the major source of new jobs.**

3. **The fastest growing sectors in both Ontario and the Hamilton CMA are business services, consumer services, finance, insurance and real estate, health, and wholesale trade.**

4. Although manufacturing will continue to be an important source of employment in the regional economy for the foreseeable future, **the manufacturing sector is unlikely to generate significant employment growth.**

5. **The regional economy is highly specialized in manufacturing compared to the Ontario economy,** but its degree of specialization in manufacturing has been declining.

6. **The regional economy is specialized in health and education,** and the degree of specialization in both sectors has been increasing.

7. Although employment in business services has been growing very quickly in the Hamilton CMA, **the CMA's degree of specialization in business services has decreased significantly.**

8. **Small businesses provide a disproportionatly large share of new jobs.**

9. **Managerial and professional occupations make up most of the new jobs being created** in the Ontario economy and the Hamilton CMA.

10. **Female shares of employment are rising rapidly in non-traditional occupations,** including highly-qualified occupations.

11. **Increased population is an important factor** in the ability of the regional economy to diversify.

12. **Hamilton-Wentworth's share of the provincial population is declining.**

13. **Hamilton-Wentworth's population is older** than other southern Ontario regions.

14. **The Hamilton CMA is experiencing net migration losses** to other parts of Canada.

15. **The principal opportunity for increasing population is increasing net migration to the Region.**

The Human Capital Approach

Future economic growth in Hamilton-Wentworth will depend upon the Regional economy's ability to attract, retain, develop and employ human capital. Regional economic strategy should therefore focus on the shift towards a more human capital-intensive economy. This shift is already happening, as the dramatic rates of increase in employment in the knowledge-intensive parts of the service sector attest. However, the data also show that the Region is lagging behind the Ontario economy as a whole in making these adjustments.

No single approach to economic development is likely to achieve the degree of change needed to make the Hamilton-Wentworth economy a diversified, dynamic human capital-intensive regional centre with a solid manufacturing base. The strategy proposed here consists of four elements designed to complement each other by building human capital: attracting and keeping jobs, attracting people, developing small business, and developing Hamilton-Wentworth as a regional centre. These key elements will be supported by a marketing strategy, investments in infrastructure, quality of life improvements, strong representation to senior levels of government and other key decision-makers on behalf of regional interests, and internal organizational measures in the Regional government designed to implement the strategy.

The key goals of the economic strategy are:

- to target high growth industries in the service sector for marketing efforts: corporate offices, services to business, finance, insurance and real estate, the health industry, and non-profit organizations;

- to target specific manufacturing industries that have high growth potential for the Region;

- to retain existing industry by improving infrastructure, assisting firms with expansions, and ensuring that strategically located sites are available for relocations within the Region;

- to attract people to live and work in the Region by means of an extensive marketing campaign and increased levels of public investment in facilities and amenities that enhance the quality of life in the Region;

- **to establish and fund a Hamilton-Wentworth Small Business Centre** that assists both the manufacturing and service sectors. The seeds of the Small Business Centre already exist in the Business Advisory Centre; and

- **to promote Hamilton-Wentworth as the regional centre for southwestern** Ontario. The development of higher order service industries and increases in tourism and conventions will improve Hamilton-Wentworth's attractiveness as a regional centre.

CHAPTER 5

STRATEGY 1 - ATTRACTING AND KEEPING JOBS

INTRODUCTION

The first key element of the economic strategy is the attraction and retention of jobs. The well established manufacturing sector in Hamilton Wentworth has long been a major source of employment. In recent years employment growth in manufacturing has not kept up with the rapid employment growth in other sectors. This trend is expected to continue in the future. In order to maximize the creation of jobs and further diversify the Regional economy, the strategy will focus on attracting jobs in the service sector.

The industries to be targeted are:

- Corporate Offices
- Services to Business
- Finance, Insurance and Real Estate
- Health Industry
- Non-Profit Organizations
- Specialized Manufacturing (a small group of selected manufacturing industries with growth potential for the Region)

CORPORATE OFFICES

The offices of large manufacturing corporations have become increasingly important sources of knowledge-intensive employment in the post-war period. This trend is a consequence of the rising importance of intermediate, white-collar inputs to production processes and more disaggregated structures in large corporations. These offices typically are linked to business service firms.

Corporate offices can be categorized into three basic managerial units: national headquarters, divisional head offices, and regional sales headquarters.

National headquarters tend to be responsible for the strategic planning functions of the firm, financing and investment decisions, auditing, major marketing programs, and international operations. They are concentrated in key cities in the urban system. For example, in 1976 over 50 per cent of the headquarters of the Fortune 500 companies were located in 12 large U.S. national and regional nodal cities, compared to only 23 per cent of the population. Dofasco is the largest national headquarters resident in the Region.

It would be difficult for Hamilton-Wentworth to attract national headquarters because it is not large enough, and because of competition from Toronto. However, this is not to say that the Region is a poor location for head offices. **The best opportunity for head office development is to attract head offices of corporations with a regional base.** These corporations are large enough to want a separate head office, but still regional or provincial in market orientation. **If Hamilton-Wentworth is successful in attracting them at this stage of their development, chances are good that they will stay when they grow to national stature.** Any independent corporation with production facilities in Hamilton-Wentworth or nearby municipalities (Brantford, Burlington, Oakville) that has achieved sufficient size to consider a separate head office is a suitable candidate.

Divisional head offices oversee the production of a single product or a set of related products. They are usually organized as profit centres. Divisional head office responsibilities include virtually all of the functional tasks carried out in corporations (accounting, marketing, production, research and development), but they tend to be focused on a specific product line. They may be responsible for the management of production in several plants. Their location frequently depends on proximity to production facilities and important suppliers. As a result, divisional offices are somewhat more dispersed than national headquarters.

Corporations with production facilities in the Hamilton CMA or its vicinity, but no divisional office in the Region, are potential targets. Success is more likely if there is no divisional head office in southern Ontario, although some firms might be induced to relocate from competing regions. Some corporations with plants in several locations in Ontario that are currently administering all operations from one headquarters location may wish to establish divisional offices.

The primary function of regional sales headquarters is to manage product sales in regional markets. They are strongly concentrated in regional and subregional centres. Regional sales headquarters have been instrumental in the development of large and medium-sized regional and subregional centres in the Sunbelt region of the United States.

Regional sales headquarters can help to establish Hamilton-Wentworth's role as a regional centre. This function may decentralize from Toronto, as Toronto becomes more specialized as a national headquarters and sophisticated producer service location and less involved in managing regional markets. U.S. research indicates that retail and distributive (wholesale, transportation) offices tend to be located in regional and subregional centres. Food and

beverage industries are overwhelmingly concentrated in large regional centres, but also are found selectively in smaller regional centres with clear ties to agricultural markets. Hamilton-Wentworth's access to the Niagara Peninsula and its own agricultural community may qualify it as a location for offices of the food and beverage industry (e.g., E. D. Smith).

The Region needs a supply of office space in both the downtown and strategically-located industrial-business parks. Office development has been decentralizing from central city locations to suburban business parks in recent years. This trend puts Hamilton-Wentworth at a competitive disadvantage, because the Region does not have any business parks available at its western end with good access to Toronto and to Pearson International Airport. As a result, Burlington, Oakville, and Mississauga are capturing offices that might have located in Hamilton-Wentworth, including some that are relocating from Hamilton-Wentworth.

The solution to this problem is to encourage the development of the Mohawk and Flamborough Industrial-Business Parks. A 1981 study by Peter Barnard Associates identified these two parks as having the most potential for developent. This view is still valid, but neither park has developed significantly since 1981. Servicing of the Flamborough Park should be considered a high priority in capital budgeting decisions. It will also be necessary to reserve prime sections of these parks for office development and to apply stringent quality control measures through traditional land use planning mechanisms such as subdivision agreements, zoning by-laws, and site plan control.

Corporate Office Targets

- Head offices of corporations with a regional base.
- Divisional offices of corporations with production plants in the Region or its vicinity, but no divisional office in the Region.
- Regional sales headquarters, particularly in retailing, transportation, wholesale trade, and food and beverage industries.

Actions Required

- Development of a marketing plan.
- Analysis of the structure of industries in the Region and its vicinity to identify target firms for marketing.
- Servicing of the Flamborough Industrial-Business Park.
- Reservation of prime locations in the Mohawk and Flamborough Parks for office development and the application of strict development standards to ensure that office neighbourhoods are of high quality.

Related Strategic Elements

- Complementary targeting of services to business and finance, insurance and real estate industries.
- Long-term population growth.
- Attraction of managerial and professional people.

- Quality of life improvements.

- Improvements in transportation and telecommunications linkages to Toronto.

SERVICES TO BUSINESS

Services to business is the fastest growing sector in both the Provincial and Regional economies. Growth rates are remarkably high - 120 percent in Ontario between 1971 and 1981, and 108 percent in the Hamilton CMA. The growth in managerial and professional occupations between 1980 and 1985 suggests that high growth rates in the services to business sector persisted through the recession.

The high growth rates are a reflection of the transformation of the economy. Services to business epitomize the information economy. The management of large organizations has become more centralized and more complex, as a result of national and international marketing, new technology, and better educated managers. Firms are therefore finding it advantageous to draw on specialized expertise from business service firms.

The services to business and the finance, insurance, and real estate sectors show the most promise for development of exportable services, an area with considerable growth potential. Canadian exports of business services amounted to $2 billion in 1981, up from $834 million in 1977 and $326 million in 1973. Although the contribution of the service sector to Canadian exports is relatively small now, it may provide a competitive niche for some Canadian firms in the future. The outstanding performance of national real estate firms, such as Cadillac Fairview and Olympia and York, in the American market demonstrates that Canadian service sector firms can cope with international competition.

The services to business sector includes a range of professional and technical services:

- o employment agencies and personnel suppliers;
- o computer services;
- o accounting and bookkeeping;
- o advertising;
- o architectural, engineering, and other scientific and technical services;
- o lawyers and notaries;
- o management consulting;
- o other business services (e.g., security services, credit bureaus, and customs brokers).

There are currently 567 such offices in the Region occupying 971,000 square feet of floor space. This represented approximately four percent of the total office floor space in the Region in 1984.

Business service firms are prime examples of agglomeration economies (i.e., firms benefit from proximity to each other). Research by Noyelle and Stanback (1984) on the Big Eight accounting firms and the advertising industry in the United States indicates that these firms prefer to locate in large metropolitan centres, such as New York, Chicago, Los Angeles, and San Francisco. Toronto is the preferred location in Canada.

The Region has minimal potential for attracting the headquarters of business service firms that are national or international in scale. The Region does have excellent potential for attracting business service firms that are regional in scale and for attracting regional offices of larger business service corporations (e.g., Woods Gordon, Ernst Whinney). The Region's ability to attract business service firms will be strongly influenced by its ability to attract corporate offices and finance, insurance, and real estate firms. It will also be influenced by the Region's success in attracting managerial and professional people.

Services to Business Targets

- Business service firms of regional scale.
- Regional offices of national or international business service firms.

Action

- Development of marketing plans.

Related Strategic Elements

- Complementary targeting of corporate offices and finance, insurance, and real estate firms.
- Long-term population growth.
- Attraction of managerial and professional people.
- Quality of life improvements.
- Development of a Small Business Centre.
- Improvements in transportation and telecommunications linkages to Toronto.

FINANCE, INSURANCE AND REAL ESTATE

Employment in the finance, insurance and real estate industries increased 64 per cent in Ontario and 58 per cent in the Hamilton CMA between 1971 and 1981, faster than all other sectors except business services and consumer services. The growth rate slowed to 1.2 per cent in Ontario between 1980 and 1985, primarily due to the impact of the recession.

Jobs in the finance, insurance and real estate sector are essential for the success of a human capital-intensive strategy, since they are a key part of the complex of corporate activities in diversified city economies. The Hamilton CMA is significantly underspecialized in finance, insurance and real estate. The CMA's share of jobs in finance, insurance and real estate as a percentage of total employment was only 82 per cent of the comparable Ontario share in 1981.

Financial institutions tend to concentrate in the largest cities of the urban system with established financial districts. The rise in importance of foreign banking and investment has further improved the position of national financial centres, such as Toronto, in attracting financial institutions. Hamilton-Wentworth is unlikely to be able to compete effectively for these headquarters functions. On the other hand, **the Region should be able to attract regional offices of financial institutions.** The new Canadian Imperial Bank of Commerce building at King and James Streets in downtown Hamilton is evidence of this.

At the same time as financial institutions are becoming more concentrated, insurance companies are experiencing strong decentralization forces as a result of new computer and communications technology, and the increasing availability of skilled clerical workers and computer technicians in smaller centres. For example, London, Kitchener-Waterloo and Peterborough have a significant insurance industry presence. Although Hamilton's blue-collar image and low female participation rates may present a marketing problem in attracting the white-collar insurance industry, the Region may be able to attract regional offices or data processing centres.

Hamilton-Wentworth's real estate industry is characterized by relatively small developers, builders and real estate firms. If the population of the Region increases as proposed in the next section of this strategy, "Attracting People", then greater participation from large national firms can be expected without direct action by the Region.

Finance, Insurance and Real Estate Targets

- Regional offices of financial institutions.
- Regional insurance offices.
- Data processing centres of finance and insurance firms.
- Large developers, builders and real estate firms.

Action

- Development of marketing plans.

Related Strategic Elements

- Complementary targeting of corporate offices and services to business.
- Long-term population growth.
- Attraction of managerial and professional people.
- Qualify of life improvements.
- Improvements in transportation and telecommunications linkages to Toronto.

HEALTH

The Health sector is a major industry in Canada. From 1960 to the late 1970's aggregate health care expenditures climbed from 5 percent of GNP to slightly more than 7 percent of GNP. Expenditures for health care services have been growing much faster than other major components of G.N.P. Health expenditures have continued to increase in the 1980's, from 8.2 percent in 1982 to 8.6 percent in 1985.

The health industry is a major employer in Hamilton-Wentworth. The District Health Council estimates that the Ministry of Health employs 12,000-13,000 people in Hamilton-Wentworth and Burlington.

Health Facilities and Areas of Specialization

The Region's health service industry is an excellent example of what can be done when hospitals and health care providers rationalize services. The major hospitals in the Region have agreed to areas of specialization that each will provide. This system of horizontal integration allows area facilities to take advantage of economies of scale in medical specializations. Examples of specialization include:

Hospital	Specialization
Hamilton Civic Hospital	Burns and Neurosurgery
St. Joseph's Hospital	Kidney Transplant, Kidney Dialysis
McMaster	Post-Natal Care
St. Peter's	Geriatrics
Henderson	Cancer

Innovative Programs and Services in Hamilton-Wentworth

The Hamilton-Wentworth health sector has excellent potential for innovative approaches to health service delivery. The Region's record of innovation is a result of the combined expertise of the area's hospitals, the District Health Council, and the Faculty of Health Sciences at McMaster University and other health care institutions.

Many innovative programs have been pioneered in the Hamilton-Wentworth Region. In late 1986, the first teaching Community Health Centre in Ontario will be opened in the Region. It will have a core staff of 15 people, supplemented by residents and students. The recent successful introduction of paramedic ambulance service is another example. Other innovative programs provided by the Region's health institutions include occupational health programs and the home care program.

The District Health Council has also entered into a joint study with the Region to examine alternative care for the elderly, with special emphasis on providing home care services. This may lead to the expansion of home care (professional) and home-making (non-professional) services already provided in the Region.

Expansion of the Health Service Sector in the Region

St. Joseph's Hospital and the General Hospital have started rebuilding and expansion programs. The expansion of the General Hospital is expected to add 263 beds by 1987. An additional 100 chronic care beds are being added to Chedoke and 100 chronic care beds will be added to St. Peter's by the early 1990's. An ambulatory care centre in the east end of the City will also be constructed.

Opportunities in the Health Sector

The de-institutionalization of health care services is expected to continue. Home care will become a major component of the health sector as health costs rise and alternative more cost efficient services are required.

The trend towards greater home-care services will open up a market for products and services that are directly and indirectly related to this method of health care. As well, the demand for geriatric health care services and products is expected to increase. Industries that supply products and services related to the geriatric and home-care fields need to be identified and urged to locate in the Region.

Given the strength of the health care facilities and services in Hamilton-Wentworth the Region should be able to attract more health-related manufacturing and distribution industries. Firms may not be aware of our health care facilities and the large potential market available in the area. An effort should be made to attract these industries to the Region. Distribution centres of health care industries are particularly attractive targets.

Many of the health care products used in area hospitals are supplied from the United States. For example, plastic disposable products are a $1.4 billion business. Of this, $1 billion goes to U.S. manufacturers. Some health care professionals have suggested that the lack of proper sterilization facilities may be the problem. Others suggest that it is not economically feasible for Canadian manufacturers to produce some of the larger, more specialized products due to the small domestic market and short production runs.

A preliminary analysis suggests that the latter explanation is more appropriate. Sterlization units do exist in Ontario; for example, one is located in Toronto. The American Hospital Supply Company is located in Brantford and it produces plastic disposables for area hospitals. Nevertheless, the imbalance between Canadian and U.S. manufacturers does exist, and it may be an area in which domestic producers can increase their market share.

One of the best sources of new high technology firms in Hamilton-Wentworth is likely to be the health industry. The level of expertise in the local medical research community is likely to generate a small, but significant number of spinoff firms. Furthermore, innovations in health care delivery may create opportunities for new businesses in the service sector.

Health Sector Targets

- Health care industries related to the areas of specialization in Hamilton-Wentworth
- Industries that supply products and services related to home care
- Geriatric health care services and product manufacturers
- Distribution centres for health products
- New medical firms spinning off from local medical institutions.

Actions Required

- Create a greater awareness of the excellent health care facilities and services available in the Region through marketing.

- Attend the conferences of health products manufacturers and distributors.

- Develop closer ties with the District Health Council to co-ordinate activities and provide a united front to assist in attracting research funds from the Ministry of Health.

- Facilitate further co-operation among the Faculty of Health Science, industry and health institutions, particularly the formation of commercial enterprises.

Related Strategic Elements

- Small Business Centre

- Hamilton-Wentworth as a Regional Centre

- Long-term population growth

- Quality of life improvements

NON-PROFIT ORGANIZATIONS

There are over 300 established non-profit corporations active in Hamilton-Wentworth. These organizations provide a variety of services to individuals and groups, including:

- youth and children services;
- counselling (families and individuals);
- services for the disabled;
- services for those suffering from diseases;
- legal and/or financial services;
- services for professional organizations;

- o recreational services;
- o services for senior citizens;
- o fund raising; and,
- o community services.

District Headquarters

A number of non-profit organizations located in the Region provide services for a geographical area larger than Hamilton-Wentworth.

Non-profit organizations with district headquarters in the Region include:

- o The Salvation Army;
- o Better Business Bureau;
- o Addiction Research Foundation;
- o Canadian Hearing Society;
- o Hamilton-Niagara Academy of Psychology; and,
- o The Royal Canadian Legion.

The geographical area generally serviced by district headquarters includes the Municipalities of Niagara, Haldimand-Norfolk, Halton, Hamilton-Wentworth, and Brant, and may in some cases extend further north to Wellington and Waterloo. This area can be described as South Central Ontario.

Reasons for Locating in Hamilton-Wentworth

District headquarters for non-profit organizations have located in Hamilton-Wentworth for a number of reasons. Firstly, the Region is centrally located in the South Central Ontario area.

Secondly, there is relatively quick and easy access to and from the surrounding muncipalities in the South Central Ontario area along Highways 6, 8, 20, 53, 403, and the Queen Elizabeth Way.

Thirdly, the Region is the largest urban centre in the South Central Ontario area. The greatest demands for services from non-profit organizations therefore originate in Hamilton-Wentworth.

Benefits of Non-Profit Organizations

Non-profit corporations provide services to individuals, families, or the community as a whole. In addition, non-profit opportunities provide employment. For example, there are approximately 800 persons employed with the 50 local agencies funded by the United Way. Non-profit organizations also provide indirect economic benefits to the community through the purchase of local goods (e.g., construction materials, advertising, printing).

Non-Profit Targets

- Regional offices of non-profit organizations not currently located in Hamilton-Wentworth.

Actions Required

- Development of a Marketing Plan

Related Strategic Elements

- Long-term population growth
- Development of Hamilton-Wentworth as a Regional Centre

SPECIALIZED MANUFACTURING

In Chapter 3, "Basis of the Economic Strategy", manufacturing industries are grouped into strategic clusters. **The strategic analysis identified the Capital-Intensive and High Technology clusters as providing the best opportunity for growth in the manufacturing sector.** The industries in these two strategic clusters with the greatest potential for growth in Hamilton-Wentworth are targeted in this section.

Industries in the Capital-Intensive and High Technology clusters that have experienced rapid employment growth are the prime targets. Particular emphasis has been placed on high growth industries already present in the Region, since existing strength in an industry is likely to help in attracting new firms. **These high growth industries are likely to exhibit one or more of the following characteristics:**

- **increasing productivity levels**
- **an export orientation**
- **close ties to the service sector**

Productivity

The productivity levels in an industry can greatly affect its competitiveness. An increasing productivity trend is desirable. If productivity levels fall or remain stagnant it is difficult for the industry to remain competitive.

TARGETED MANUFACTURING INDUSTRIES

INDUSTRY	REASONS FOR TARGETING
Machinery	- High Tech Industry - Major Employer in the C.M.A.'s High Tech Sector - Export Orientation

Examples include establishments engaged in manufacturing compressors, pumps, industrial fans, construction and mining machinery, materials handling equipment, cutting tools for machines, sawmill and woodworking machinery, turbine and mechanical power transmission equipment, commercial refrigeration and air conditioning equipment, and heating equipment.

INDUSTRY	REASONS FOR TARGETING
Specialized Chemical	- High Tech Industry - Major Employer in the C.M.A.'s High Tech Sector - Benefits from an Increase in Service Sector Activity - Increasing Productivity Trend

Examples include establishments engaged in manufacturing chemicals such as printing ink; agricultural chemicals; additives for petroleum products, automotive chemicals; chemical specialities for textile, paper, and leather industries; and water treatment chemicals.

INDUSTRY	REASONS FOR TARGETING
Beverage	- Employment Growing Faster than C.M.A. and Ontario Averages - Increased Productivity Trend - Benefits from Increase in Service Sector Activity

Examples include establishments engaged in manufacturing soft drinks, distillery products, brewery products, wines, and hard cider.

INDUSTRY	REASONS FOR TARGETING
Hardware, Tool & Cutlery	- Major Employer in C.M.A.'s Capital Intensive Sector - Employment Growing Faster than C.M.A. and Ontario Averages - Positive Productivity Trend - Export Orientation

Examples include establishments engaged in manufacturing basic hardware, metal dies, moulds and patterns, hand tools and implements (except power driven), and cutlery (except silver).

INDUSTRY	REASONS FOR TARGETING
Scientific and Professional Equipment	- High Tech Industry - Employment Growing Faster Than C.M.A. and Ontario Average - Increasing Productivity Trend - Trade Export Orientation

Examples include establishments engaged in manufacturing: mechanical, electrical or electronics instruments for indicating recording and controlling; opthalmic examining equipment, lenses, frames and mounting; clocks and watches; medical and related instruments; surgical instruments; sutures and suture needles; thermometers and accessories; and x-ray equipment.

INDUSTRY	REASONS FOR TARGETING
Advanced Manufacturing Technology	- High Tech Industry - Large Application of Client Base in the Region's Manufacturing Sector - Expertise and Research Strengths of McMaster University

Examples include computer-aided design, computer-aided manufacturing, robotics, computer-aided inspection and testing, computer integrated manufacturing, flexible manufacturing technologies, computerized process control, advanced materials (e.g., ceramics), and lasers.

INDUSTRY	REASONS FOR TARGETING
Biotechnology	- High Tech Industry - Expertise and Research Strengths of McMaster University

Includes three technologies: fermentation technology, enzyme technology, and genetic and genetic and cellular manipulative technology. One area of application is biomedical product development, which includes preparation of pharmaceuticals, vaccines, and diagnostics as well as methods of toxicity evaluation. Other applications include water treatment and pollution control, agricultural improvements, fuels and industrial chemicals, and process and equipment design.

INDUSTRY	REASONS FOR TARGETING
Pharmaceutical and Medicine	- High Tech Industry - Employment Growing Faster than C.M.A. and Ontario Average - Increased Productivity Trend - Regional Market Orientation, Potential for Export Penetration

Examples include establishments engaged in manufacturing drugs and medicines for animal use. Products include ant acids, antibiotics, antitoxins, cardiac drugs, muscle relaxants, sedatives, and vitamins.

INDUSTRY	REASONS FOR TARGETING
Metal Fabricating	- Major Employer in C.M.A.'s Capital Intensive Sector - Increasing Productivity Trend - Employment Growth Faster than C.M.A. and Ontario Averages - Benefits from Increase in Service Sector Activity

Examples include establishments engaged in manufacturing metal plumbing fixtures and fittings, valves and pipe fittings, forged axles, unground bearings, printer rollers, demountable scaffolding equipment, steel forgings, and metal vaults.

Export Orientation

Industries that are competitive in world markets will grow and prosper. Export-oriented industries are more likely than non-export oriented industries to be competitive at the international level. Consequently, export-oriented industries are often growth industries. For example, the high technology cluster is export-oriented and many high technology industries are expected to continue to experience substantial employment growth.

Ties to the Service Sector

In the last decade, service sector industries have grown faster than other industries in the Ontario and Canadian economies. The continuing rapid growth of service sector industries will benefit certain manufacturing industries more than others.

Manufacturing Industry Targets

- Machinery
- Selected Chemical (excluding firms with hazardous or noxious products or processes)
- Beverage
- Hardware, Tool and Cutlery
- Scientific and Professional Equipment

- Advanced Manufacturing Technology
- Biotechnology
- Pharmaceuticals and Medicine
- Metal Fabricating

Required Actions

- Focus business development efforts on the targeted industries.
- Development of a marketing plan.
- Servicing of the Flamborough and Mohawk Industrial-Business Parks

Related Strategic Elements

- Small Business Centre
- Attraction of managerial and professional people
- Targeting of the Health sector.

SUPPORT TO EXISTING INDUSTRY

Existing industries will continue to provide the majority of employment opportunities in the Region well into the future. The Region must maintain this existing employment base while at the same time trying to attract new jobs.

Support to existing industry is a key element of the economic strategy. This includes: aiding firms in their dealings with municipal government, keeping firms informed of changes that may affect them, improving services to existing industrial areas, making efforts to accommodate expansions of firms on existing sites, and providing suitable alternative suburban sites for those firms desiring to relocate.

The Region's Economic Development Department provides a broad range of services to aid existing industries. The Department's programs include:

- contacting existing firms periodically;
- responding to specific inquiries;
- identifying firms that are planning to expand or relocate;
- acting as facilitator between industry and municipal government officials in municipal matters that affect business;
- conducting tours and identifying alternative sites for firms wishing to relocate;
- providing liaison between business and government officials at all levels;
- organizing and attending press conferences, openings, ground breaking ceremonies, receptions, and award presentations;
- providing newsletters that highlight the Region's economy and lifestyle;
- maintaining files, lists, and statistics about industrial activity in the Region; and,
- conducting local promotion programs to establish contacts and maintaining good public relations between business and the community.

In order to carry out this function, staff maintains contact with and provides services to local manufacturing firms, new entrepreneurs, financial institutions, real estate brokers, developers, professional organizations, unions and labour organizations, media and public relations groups, educational institutions, boards, commissions, interest groups, and the general public.

The Economic Development Department currently spends approximately 30 percent of its business development budget on support services to industry. This level of support should be maintained and if possible expanded.

In addition to the support services provided by the Economic Development Department, the Region can take at least two concrete steps to retain existing industry.

Firstly, the Mohawk and Flamborough Industrial-Business Parks should be developed as early as possible. The Region could probably retain some firms relocating from older industrial areas if it could offer attractive suburban industrial parks with good access to the Toronto Market.

Secondly, existing industries would benefit from internal transportation improvements. Industries in the Bayfront Industrial Area would benefit from the construction of the Perimeter Road to connect Burlington Street and Highway 403. Industries in the newer industrial areas would benefit from the construction of the North/South-East/West ring roadway and from expanded transit service.

Existing Industry Targets

- **Expansion of existing industry**

- **Relocation of existing industry within the Region**

Actions

- Maintain and improve current support services to industry
- Develop the Mohawk and Flamborough Industrial-Business Parks
- Build the Perimeter and the North/South/East/West Roads
- Expand transit service to the suburban Industrial-Business Parks

Related Strategic Elements

- Attract services to business and finance, insurance and real estate firms

CHAPTER 6

STRATEGY 2 - ATTRACTING PEOPLE

In an information economy, human capital is the key resource for achieving economic growth. Yet municipalities devote virtually all of their economic development efforts towards attracting and keeping industry, and almost none towards attracting people.

Jobs and People Go Together

The MacDonald Royal Commission found that employment growth was closely related to labour force growth in most Western economies, although there were regional variations in performance. This finding reinforces the conclusion of U.S. researchers that population size influences industrial structure and economic diversity at the regional level (Noyelle and Stanback, 1984).

The implication for economic strategy in Hamilton-Wentworth is that the three adverse population trends identified in Chapter 2 must be reversed if the Region is to succeed in increasing economic growth. These three trends are:

- a steady decline in the Region's share of the Provincial population
- An older population than most other Regions in southern Ontario.
- Migration losses to other parts of Canada.

This erosion of human capital cannot be arrested simply by trying to attract jobs, because the degree to which the jobs materialize depends in large measure on whether the people are here. The primary reason for the interdependence between jobs and people is that **business locational decisions are strongly influenced by proximity to markets and by the availability of an appropriately qualified supply of labour.**

It will therefore be necessary for the Region to make a major effort to attract people. The task is less formidable than it may appear. The Region could double its rate of population growth by affecting the locational decisions of less than a thousand households per year. The influx of new households would also provide a major stimulus for the regional housing industry.

The focus of efforts to attract people should be on increasing net migration to Hamilton-Wentworth from other parts of Canada, especially from other areas of southern Ontario. Foreign immigration can be expected to continue to contribute to population growth in Hamilton-Wentworth without Regional action, partly because of the Region's ethnic diversity.[1]

Who Should Be Targeted?

The Region should be attempting to attract young, managerial and professional people to Hamilton-Wentworth.

Younger, better educated people are more likely to move than other elements of the population. The propensity to migrate drops rapidly as age increases.

People with managerial and professional occupations are the obvious targets for attempts to increase population because of the outstanding growth in job opportunities in these fields (Refer to Chapter 3). They tend to be better educated, better paid, and more mobile.

Managerial and professional people are also required to make other parts of the economic strategy effective. The Region's ability to attract targeted service industries, such as services to business, finance, insurance and real estate, and corporate offices, will depend on its ability to attract managerial and professional people.

The best time to attract people to the Region is when they are in the early stages of household and family formation, and are making their first or second locational decision. Given this consideration, there is some urgency to the marketing program because of the age structure of the Ontario population. The

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1 The Hamilton CMA's share of population in a given ethnic group exceeded the Ontario share for nine ethnic groups: British, Italian, Dutch, Ukrainian, Polish, Yugoslavian, Magyar-Hungarian, Baltic, Czech and Slovak.

largest five-year age cohort is the 20-24 group, followed by the 25-29 and 15-19 groups. The 15-19 age group is much smaller than the 20-24 year old group and the 10-14 group is smaller again. Since young adults make up a disproportionately large share of migrants, the potential for increasing population by attracting people will start to fall after about ten years.

How To Attract People

Attracting people will require two actions on the part of the Region: (1) a large-scale marketing campaign; and (2) investments in projects and services to enhance the quality of life.

The idea of a marketing campaign is to make target groups aware of the advantages of Hamilton-Wentworth as a place to live. This approach rests on the assumption that people from outside Hamilton-Wentworth do not consider the Region as a residential location because they do not even think of it, and when they do think of it, the predominant image is of heavy industry, pollution and distance. Lack of information and inappropriate market positioning (image) are exactly the sorts of problems modern marketing techniques can change.

The marketing campaign should be focused on two geographical areas. The first is the Region's market area, which extends throughout much of southwestern Ontario. The objective in the market area should be to make Hamilton-Wentworth the destination point for those seeking a larger urban area in which to live and work. The second area of focus should be the Toronto-centred Region, especially west of Yonge Street. Although this market will be more difficult to penetrate, the sheer weight of numbers makes it imperative for the Region to market to Toronto's population base. The objective should be to extend the westward wave of suburbanization from

Metropolitan Toronto into Hamilton-Wentworth by marketing Hamilton-Wentworth as a place to live for young, managerial and professional people who are in the early stages of household formation and value quality of life amenities. Many of the people who come to live in the Region from the Toronto area and other population centres will initially commute to jobs elsewhere, but they will eventually attract to the Region businesses in which they can work, and they will start new businesses themselves.

The second action the Region must take is to provide itself with a competitive advantage in quality of life. A 1985 Statistics Canada study, Intermetropolitan Migration in Canada, demonstrated that traditional labour market considerations such as wages, employment opportunities, and business activity have declined in importance as determinants of migration in Canada. One of the reasons suggested for this decline is a rise in the importance of non-work factors in locational choice.

If the Region is to be successful in attracting people, it must offer a quality of life that is superior to competing municipalities in important dimensions. Superiority rather than equivalence is needed to overcome the negative perceptions created by Hamilton's heavy industry. The marketing campaign should be built on quality of life and access to Toronto.

The overall quality of life in the Region is already high, which makes public investment to achieve a very high standard a realistic approach. However, one problem remains. There is very little information available concerning exactly what quality of life considerations affect residential locational decisions and long-term satisfaction with an area. For example, the following examples of possible measures that might be taken all could improve the quality of life:

- more computers in classrooms;
- the Waterfront redevelopment;
- acquisition of an N.H.L. team;
- more raquet courts and swimming pools;

- o more high quality neighbourhood parks and playgrounds;
- o better roads;
- o separation of storm and sanitary sewers to reduce pollution;
- o more policing;
- o cleaner streets;
- o fewer trucks in downtown Hamilton;
- o beautification and heritage conservation.

The assignment of priorities to these and other possible quality of life improvements is fundamentally a political decision. In making these choices, Council would benefit from knowing how levels of service in the Region compare with other municipalities and from understanding what people consider important in making their decisions about where to live.

Regional and local governments are facing financial constraints and heavy demands for capital expenditures and programs. Although the economic recovery should improve municipal revenues as the assessment base grows, not everything can be done.

For this reason, the Region should commission a comprehensive study to identify actions and expenditures that would improve the quality of life for existing and future residents. Both capital and operating expenditures should be open to scrutiny.

Investment in quality of life projects and services will not only make it possible for the Region to market itself advantageously to new people, it may also improve the Region's self image by allowing the citizens of Hamilton-Wentworth to see the Region in a new light, as a progressive, forward-looking municipality that invests in its own future and has quality of life characteristics that positively distinguish it from other municipalities.

CHAPTER 7

STRATEGY 3 - DEVELOPING SMALL BUSINESS

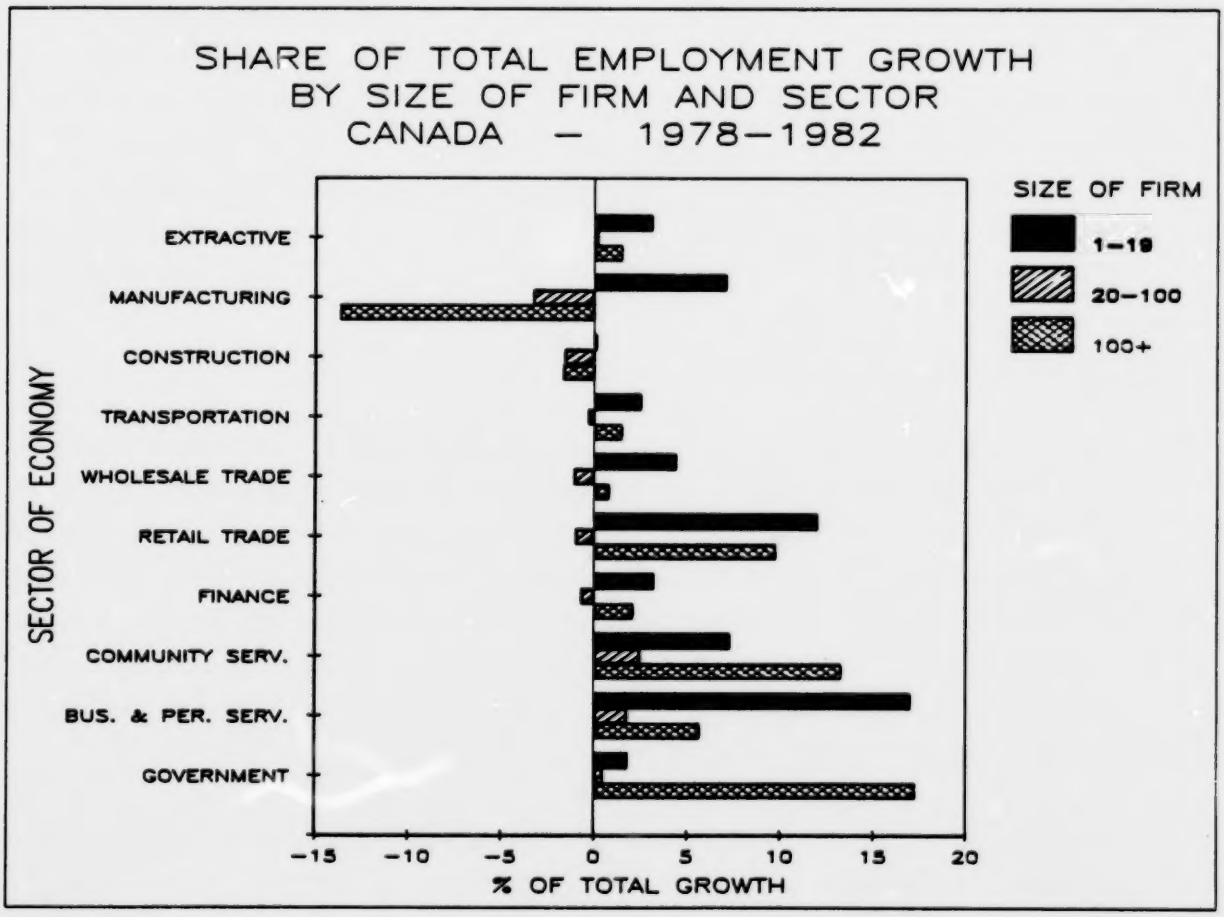
Developing Small Business

Development and growth of the Canadian economy depends on the ability to bring human capital, physical capital, natural resources, and technology together in a productive enterprise. Entrepreneurship is one of the key elements in achieving economic growth. Entrepreneurs are innovative people who take an idea and develop it into a product or service to generate profits. Entrepreneurship is most often associated with small or medium-sized firms. However, large organizations must have elements of entrepreneurship when developing new technology, new products or a new marketing method. In addition to entrepreneurship, firms must be efficiently organized and managed in order to maintain the economic well-being of a company, regardless of size.

The Importance of Small Business

Entrepreneurship is most evident in smaller enterprises. The small business sector is an important source of economic growth and job creation. Much of the employment growth in Canada is occurring in small businesses. A study of employment growth by firm size by the Federal Department of Regional Industrial Expansion found that total employment increased 25 percent between 1974 and 1982. Firms with fewer than 100 employees accounted for approximately 64 percent of the net job growth and all growth in total employment was due to new enterprises.

Another Canadian study by the Federal Small Business Secretariat estimated that total employment growth in the manufacturing sector was 13 percent between 1971 and 1980. The growth rate of employment was higher for centres of productive activity (i.e., plants) with fewer than 50 employees. The study concluded that the growth in total employment occurred in new plants and employment in existing plants declined.

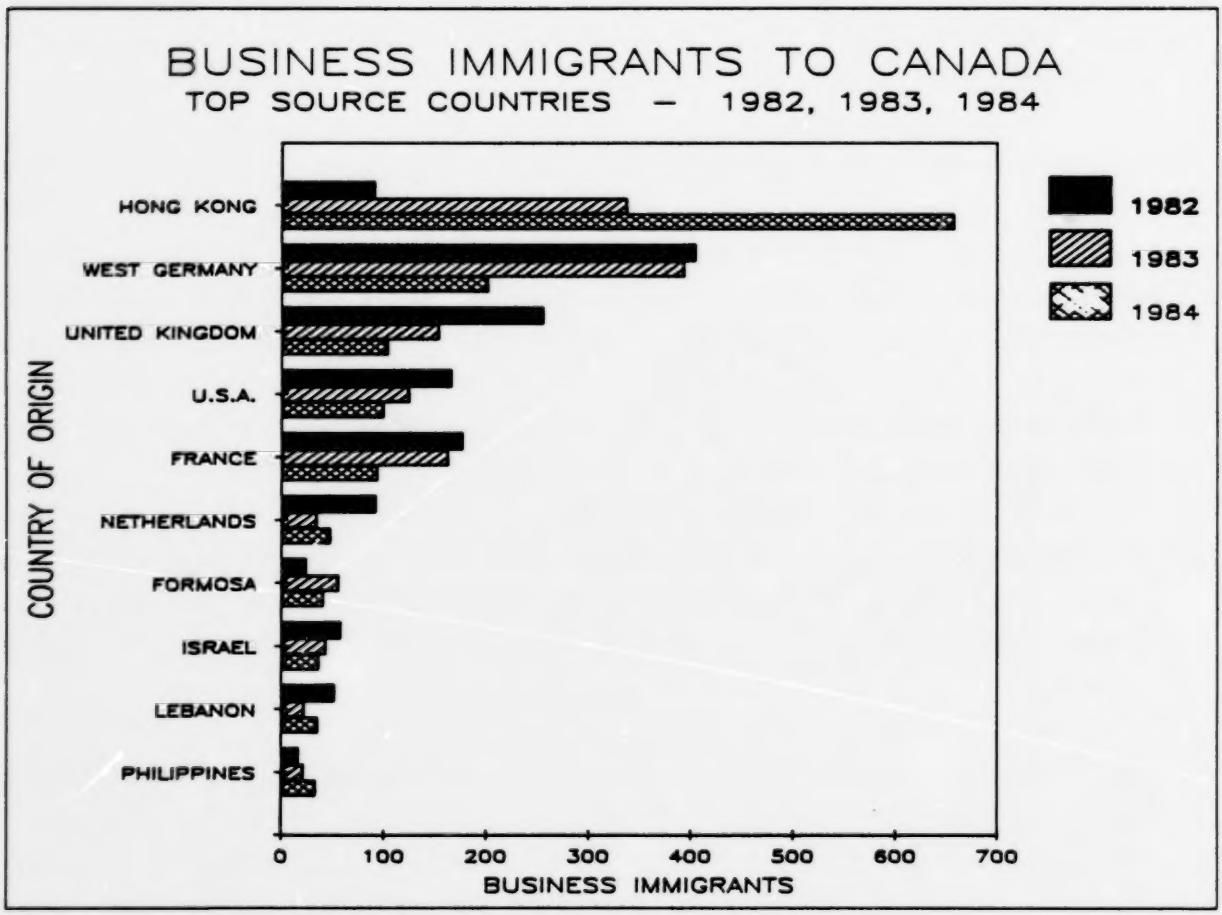


Source: Based on Data in A Study of Job Creation in Canada, 1974 to 1982, Statistical and Data Base Services, Department of Regional and Industrial Expansion; Government of Canada, as cited in W. Garnett Picot, Statistics Canada, Canada's Industries: Growth in Jobs Over Three Decades; Cat. 89-507E.

A third study presented to the MacDonald Royal Commission by the Small Business Seminar found that in 1978 firms with less than 20 employees provided 17 percent of all jobs. Between 1978 and 1982, these small enterprises accounted for almost two-thirds of the employment growth in the economy. Small businesses accounted for all of the growth in the manufacturing and construction sectors. Small firms with under 20 employees provided most of the employment growth in all sectors except community services and public administration.

The importance of small business in creating employment growth is not just a Canadian phenomenon; it is occurring in most O.E.C.D. countries. In the United States, new firms make a much larger contribution to employment growth than existing firms. Two studies by the U.S. Small Business Administration covering employment growth from 1976-1982 and 1980-1982 found that enterprises with less than 100 employees have greater employment growth in percentage terms than larger firms. The 1980-1982 study found that those enterprises employing fewer than 20 people accounted for 2.65 million new jobs, although total employment only increased 984,000. The 1982 recession may have skewed the job growth toward small business, since American studies have shown that small firms make a greater contribution to employment growth in recessions. Large manufacturing firms are more responsive to cyclical fluctuations in the economy.

Small enterprises are important sources of employment and new firms create more new jobs than existing firms. Evidence also indicates that small businesses started by women tend to be more successful. Developing the small business sector is one way to diversify the regional economy and reduce cyclical variations in employment.



Source: Employment and Immigration Canada, Analysis of Business Immigrants - 1983-1984 (1985).

Role of Regional Government

The small business sector in Hamilton-Wentworth can be developed by attracting entrepreneurs from other areas and by assisting local entrepreneurs or would-be entrepreneurs to start new ventures and keep them growing in Hamilton-Wentworth.

Attracting entrepreneurs to Hamilton-Wentworth is one strategy to develop the small business sector. The two largest sources of business immigrants to Canada in 1983 and 1984 were Hong Kong and West Germany. Hong Kong and West Germany are also the largest sources of entrepreneurs and self-employed immigrants. The Region has identified these potential sources of immigration and has been actively involved in recruiting business immigrants from both of these sources as part of its international marketing program.

As well as attracting entrepreneurs to the Region, it is also important to assist the entrepreneurs and potential entrepreneurs who are already here. Most business startups will originate from within the Region.

Entrepreneurs tend to start new ventures close to their place of residence. Consequently, the best source of new firms is people who live in Hamilton-Wentworth. The Region can increase the likelihood of new businesses being formed in Hamilton-Wentworth in future years by attracting young, highly skilled, managerial and professional people to live in the Region.

There are many problems facing individuals attempting to start a new business venture: developing a business plan, defining the potential market, developing the product, finding funding, defining an appropriate organizational structure, hiring people to ensure the efficient running of the organization, developing a marketing strategy, and promoting the product.

Very rarely does one entrepreneur have all the skills and knowledge to handle all the components of developing a small business. Fortunately, there are many forms of aid available to small businesses. The Federal Government provides assistance through a multitude of programs and agencies such as the Department of Regional Industrial Expansion and the Federal Business Development Bank. The Provincial Government provides assistance through programs under the Ministry of Industry, Trade and Technology. The Region currently assists small business through the activities of the Economic Development Department and the Business Advisory Centre.

The Business Advisory Centre

The Business Advisory Centre is a non-profit volunteer organization that helps solve problems faced by small businesses. The assistance primarily consists of resources provided by companies representing major industries in Hamilton-Wentworth Region. The Centre is based on the concept of business helping business. There are nineteen resource companies, as well as McMaster University and Mohawk College.

The Centre was originally intended to help small manufacturing firms, but now also helps non-manufacturing firms. The Business Advisory Centre has recognized the importance of small business and the service sector as the employment generators in the economy. In March 1985, the Business Advisory Centre broadened its charter to include assistance in starting ventures.

In 1985, the Business Advisory Centre received grants from the Federal, Provincial, and Regional Governments totalling $65,000. In 1986, these grants are expected to total $85,000. As of April 30, 1986, the Federal Government will no longer be providing financial support for the organization. The Provincial Government and Regional Government have substantially increased their grants to compensate for the loss of Federal funding. In 1986, the Region will provide $30,000. in funding and office space for the Business Advisory Centre.

The Business Advisory Centre is important because the resource companies can provide technical assistance that small businesses could not obtain from other sources. It is extremely beneficial for firms to be able to draw on the expertise of a company that has faced similar problems. Now it also provides assistance to non-manufacturing industries and new ventures, the Business Advisory Centre is attempting to recruit suitable resource companies from the non-manufacturing sector.

The Business Advisory Centre recognized that entrepreneurs starting a new business face different types of problems than existing firms. In 1986, the Business Advisory Centre will open a Self-Help Centre to assist new businesses and entrepreneurs interested in starting new businesses. It is intended to provide a one-step, first-stop source of information, facts to take home, plus resource materials and personal consultation about how to prepare a business plan, managing a new business, the rules and regulations affecting new business, government assistance to entrepreneurs, and finding other sources of help.

Establishment of a Small Business Centre

The Business Advisory Centre is making significant progress in providing assistance to small business. This work should be used as a basis to establish a Small Business Centre in Hamilton-Wentworth.

The Small Business Centre (SBC) will assist entrepreneurs in acquiring the skills and resources required to successfully start new businesses. There is a high failure rate among new businesses. Often the business concept is ill-conceived or the entrepreneur lacks the skills to successfully develop and run the company. By assessing the potential of the venture concept and the entrepreneurial aptitude of the person involved, the Small Business Centre should be able to minimize these types of problems.

The Small Business Centre will help to develop a business plan and provide advice in areas such as marketing and finance. The Small Business Centre will also make the client aware of the various types of assistance, financial and otherwise, that are available from other organizations.

As well as providing expert advice and assistance, the Small Business Centre will educate entreprenuers in management skills. McMaster University has business programs at the undergraduate and graduate levels. Mohawk College has a program designed for people who wish to work in or start a small business. Combining the resources of McMaster, Mohawk, the Region and the Ministry of Industry Trade and Technology, the Small Business Centre should be able to develop a series of seminars or workshops to teach entrepreneurs the skills required for running a small business. This educational component is essential because very few individuals have the skills and knowledge to run their own company. Most people work in jobs where they have narrowly defined responsibilities. Even managers in charge of a whole department in large organizations may not develop the skills to run a small business because others are responsible for personnel, production and finance. These seminars would also provide entrepreneurs with the opportunity to meet other entrepreneurs and make valuable business contacts.

The Small Business Centre should make it easier for entrepreneurs to form a new business, ensure that the venture concept has some potential for success, and through education and advice, provide companies with the management skills and knowledge to keep the business viable.

Community Small Business Centres (Enterprise Centres)

Community Small Business Centres are a Provincial initiative based on the Enterprise Centre concept proposed in the 1984 Ontario Budget. They are intended to provide low cost workshop or office space and allow small businesses to share secretarial, accounting, copying, computer and answering services. Tenants would also have easy access to business advice and management seminars. The Ministry of Industry, Trade and Technology recently announced funding for seven community small business centres. These

centres range from 30,000 to 60,000 square feet in size and house between 15 and 40 tenants. The province has provided three year start-up grants ranging between $535,000 and $800,000 for each of the seven centres. Operating costs for a centre are expected to range between $1.2 million and $2 million during the first three years.

At present, the province is not providing funding for additional community small business centres. Over the next one to two years, the province will be evaluating the community small business centres concept. After the trial period, provincial funding may be available to establish new community small business centres.

The Small Business Centre proposed in this report could include a Community Small Business Centre if provincial funding becomes available. This will require both the passage of Bill 79, which allows municipalities to set up a community small business centre and the acquisition of provincial funding. Alternatively, the Region could establish a non-profit organization to set up a community small business centre without provincial funding.

Whether the Small Business Centre proposed in this report should precisely parallel the Community Small Business Centre concept in Bill 79 should be determined as part of the recommended feasibility study.

Raising Capital for New Ventures

The Small Business Centre also needs to address the problem of generating sufficient capital to start a new company. It is difficult for small companies just starting up to acquire funding, especially equity investment. Most are too small to interest the institutionalized venture capital companies. The Small Business Centre can assist companies to develop a solid

business plan to increase the chances of qualifying for private or government financing. Another way the Small Business Centre could help local small businesses would be to fund them directly through a Small Business Development Corporation (SBDC).

A Small Business Development Corporation is set up with a charter and a Board of Directors, and investors are issued voting shares in the company. The corporation may invest in any number of companies up to a maximum of $2.5 million for a private corporation and $5 million for a public corporation. Eligible companies are Canadian-controlled, pay 75 percent of their wages and salaries in Ontario, and employ less than 150 people. Individual investors who buy new equity shares in a Small Business Development Corporation receive a grant of 25 percent of their investment. Corporations receive a 25 percent credit against their Ontario corporate income tax.

The Small Business Centre would not have the resources to invest substantially in a Small Business Development Corporation. However, **the Small Business Centre could act as a catalyst to start a Small Business Development Corporation with investors from the local business community.** The May 13, 1986 Provincial Budget extends eligibility for Small Business Development Corporation investments to a wider range of service industries. The restrictions and legal constraints affecting the formation of a Small Business Development Corporation will require further study after the Small Business Centre is formed.

Human Resources

The Small Business Centre will require a Director and a pool of specialists or experts in various aspects of business management drawn from the business world and the academic community. There should be a core of full-time experts on staff as well as a group of part-time or associated specialists. In addition, the Small Business Centre will require clerical staff as well as business consultants to man the Self Help Centre, answer inquiries and make people aware of other forms of assistance available.

The resource companies of the Business Advisory Centre will also be available to provide assistance particularly for existing companies. The Small Business Centre will need to expand the resource base to include the Region's top entrepreneurs, accountants, bankers, attorneys and other resource people who would be willing to share their knowledge and expertise on how to manage a new business.

Location

The Centre should be a centrally located, high profile organization so that budding entrepreneurs identify it as their primary source of assistance for business problems. Ideally, all institutions providing aid to small business should be housed under one roof. Given the multitude of organizations assisting small business, it seems improbable that this can be arranged. The building must be large enough to house Small Business Centre staff, have enough room for seminars, and provide room for expansion.

At present, McMaster University is in the process of developing a Management of Technology Institute to assist business in the development of new technology and new products. If McMaster's Institute comes to fruition, it would be complementary to the Small Business Centre, and it would be logical to locate them together on the same site.

Financing the Small Business Centre

The Small Business Centre will need a substantial budget to function effectively. The Region should take the lead role in providing funding for the centre. The possibility of the centre qualifying for funding under Provincial or Federal programs needs to be pursued. For example, the Canadian Innovation Centre in Waterloo received an 8 year start up grant from the Federal Department of Regional Industrial Expansion. In 1984 and 1985, the Innovation Centre received $1 million grants from the Federal Department of Industry, Trade and Commerce.

Starting up the Small Business Centre will be costly. Expenses in the first year will probably exceed $1 million. In 1985, Waterloo's Innovation Centre had expenditures in excess of $1.6 million, with wages and salaries representing half of the total. The exact form of the Small Business Centre and the cost of operation should be determined by a comprehensive feasibility study. The cost to the Region will depend on the amount of funding available from other sources. The Small Business Centre should also generate some revenue through consultation, counselling services and educational programs. It may also be possible to generate revenue by selling memberships in the Small Business Centre to existing firms in the Region.

CHAPTER 8

STRATEGY 4 -

HAMILTON-WENTWORTH AS A REGIONAL CENTRE

MAJOR REGIONAL ASSETS

1. Cultural

- o Art Gallery
- o Hamilton Place
- o Copps Coliseum
- o Hamilton Philharmonic Orchestra
- o Theatre
- o Museums
- o Radio Stations
- o T.V. Station
- o The Spectator

2. Institutional

- o McMaster University
- o Mohawk College
- o Major Hospitals
- o Hamilton Central Library
- o Various Government and Third Sector Services

3. Commercial

Shopping

- o Jackson Square
- o Hess Village
- o Eastgate Square
- o Limeridge Mall
- o Centre Mall
- o Hamilton Farmers' Market

4. Environmental

- o Royal Botanical Gardens
- o Niagara Escarpment
- o Dundas Valley
- o Conservation areas
- o Major parks

5. Sports and Recreational

- o Football - Hamilton Tiger Cats
- o Hamilton Steelhawks
- o Flamborough Downs Racetrack
- o Special Events (e.g., World Junior Hockey Championships)
- o Ivor Wynne Stadium
- o Copps Coliseum
- o Wild Waterworks at Confederation Park
- o African Lion Safari

6. Special Events

- o Hamilton Trade Centre/Copps Coliseum
- o Festivals and shows (e.g. International Air Show)

One of the best opportunities for economic development of the Region is to take advantage of its potential as a regional centre serving a large hinterland.

Hamilton-Wentworth has developed facilities of a sufficiently high order and quality that they should be able to attract large numbers of people from beyond the Region's borders, if they are supported by an aggressive marketing program.

These facilities and services fall into five categories:

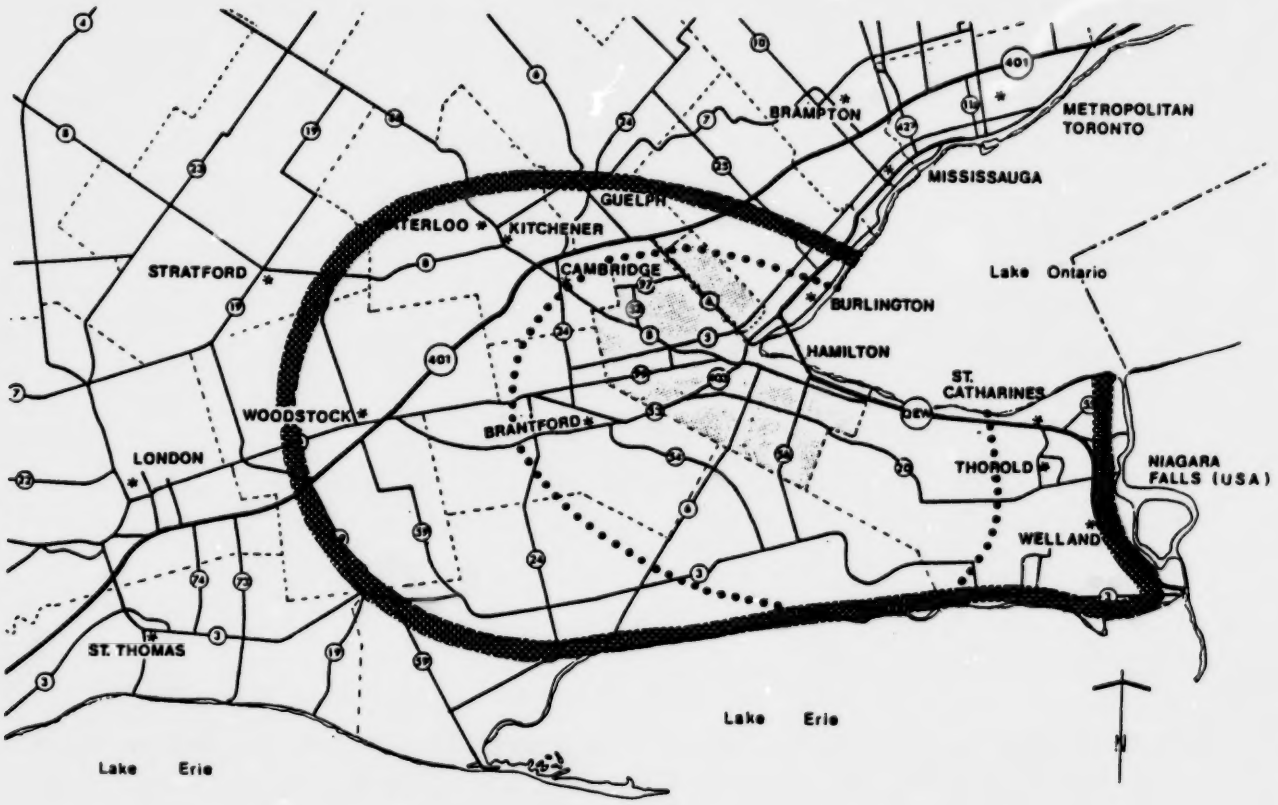
1. cultural;
2. institutional;
3. commercial;
4. environmental; and,
5. sports and recreation.

Examples of the major assets and attractions in the Region are listed on the opposite page.

The Region's Market Area

Each attraction or facility has its own market area beyond the Region. Each of these markets may be differentiated in a number of ways (e.g., by sex, age, or income level). It is therefore impossible to define precisely a single market area for the Region. However, it is apparent that market segments for higher order goods and services do overlap to a considerable degree, and that this overlap declines with distance from the centre as the number of markets decreases and they become more specialized.

HAMILTON - WENTWORTH REGIONAL MARKET AREA



Source: Hamilton-Wentworth Regional Planning and Development and Economic Development Departments.

The Market Area map shows an existing market area for the Region drawn on the basis of interpretation of preliminary data and circulation information supplied by the Spectator. It shows a focused market constrained by the presence of other centres, most notably Toronto, Kitchener-Waterloo, London, and St. Catharines.

Marketing Hamilton-Wentworth as a regional centre requires a two-pronged approach: (1) increasing penetration inside the existing market area; and, (2) expanding the market area. The Market Area map shows a potential market area beyond the estimated current market area, which indicates that Hamilton-Wentworth could significantly enlarge its existng market and become the key centre for much of southwestern Ontario.

Indicators of Market Area

Hamilton-Wentworth is already a preferred location for many government and community service organizations serving south central Ontario. The list opposite the next page provides an indication of the extent of the existing market area and provides support for the potential market area suggested.

Market Penetration and Expansion

There are five actions the Region can take to enhance its status as a regional centre:

1. **Implement the Economic Strategy.** The targeted service industries, which include services to business, finance, insurance and real estate, and the health industry, are all higher order services that will draw people from outside the Region. Some of the quality of life improvements needed to attract people to live in the Region will also serve people living outside the Region;

GOVERNMENT AND COMMUNITY SERVICE ORGANIZATIONS
BASED IN HAMILTON-WENTWORTH

AGENCY	AREA SERVED
1. FEDERAL GOVERNMENT	
Agricultural Canada - Food Production and Inspection Services	Waterloo, Guelph, Hamilton-Wentworth, Burlington, Niagara, and part of Haldimand-Norfolk
Canada Mortgage and Housing Corporation	Niagara, Haldimand-Norfolk, Brant, Guelph, Hamilton-Wentworth, Waterloo, and Burlington
Canadian Centre for Occupational Health and Safety	Canada
Consumer and Corporate Affairs Canada	Niagara, Brant, Halton, Wellington, Waterloo, Haldimand-Norfolk, Guelph, and Hamilton-Wentworth
Correctional Service of Canada - Parole	Hamilton-Wentworth and Halton
Federal Business Development Bank - Counselling Assistance to Small Enterprise (C.A.S.E.)	Hamilton-Wentworth, Niagara, Brantford, and Guelph
Health and Welfare Canada - Income Security Programs	Hamilton-Wentworth, Brant, and Haldimand-Norfolk
Canada Employment and Immigration - Canada Immigration Centre - Employment Development Branch	Hamilton-Wentworth, Brant, and Burlington
Revenue Canada	Burlington, Oakville, Brant, Haldimand-Norfolk, and Hamilton-Wentworth
Secretary of State - Citizenship - Development	Brant, Haldimand-Norfolk, Halton, Lincoln, Waterloo, Welland, Wellington, and Hamilton-Wentworth
Department of Veterans Affairs	Niagara, Haldimand-Norfolk, Burlington, and Oakville

AGENCY	AREA SERVED
2. PROVINCIAL GOVERNMENT	
Ministry of Citizenship and Culture - Regional Services	Hamilton-Wentworth, Halton, Waterloo, Niagara, Haldimand-Norfolk, Brant, Wellington, and Dufferin
Ministry of Colleges and Universities - Skill Development Branch	Hamilton-Wentworth, Niagara, and Brant
Ministry of Correctional Services - Hamilton-Wentworth Detention Centre	Hamilton-Wentworth and Halton - Males Niagara - Females
Ministry of the Environment - West Central Region Office	Welland, Haldimand-Norfolk, Brant, Waterloo, Wellington, Dufferin, and Hamilton-Wentworth
Ministry of Consumer and Commercial Relations - Consumer Service Bureau	Hamilton-Wentworth, Niagara, Haldimand-Norfolk, and Brantford
Ministry of Labour - District Office	Hamilton-Wentworth, Niagara, Brantford, Burlington, and Oakville
Ministry of Tourism and Recreation - Field Services	Hamilton-Wentworth and Halton
Ministry of the Attorney General - Grand River/Niagara Regional Office	Brant, Dufferin, Wellington, Waterloo, Haldimand-Norfolk, and Hamilton-Wentworth
Ministry of Health - Hamilton Psychiatric Hospital	Hamilton-Wentworth, Halton, Brant, and Haldimand-Norfolk
O.H.I.P.	Brant, Bruce, Dufferin, Grey, Haldimand-Norfolk, Hamilton-Wentworth, Niagara, Waterloo, and Wellington
Ministry of Industry and Trade - Regional Office	Central West [illegible]ario
Ministry of Housing - Regional Housing Programs - Ontario Housing Corporation	Niagara, Halton, Hamilton-Wentworth, Waterloo, Haldimand-Norfolk, and Brant
Ministry of Revenue - Retail Sales Tax Field Office	Niagara, Haldimand-Norfolk, Hamilton-Wentworth, and Brant
Workmen's Compensation Board	Hamilton-Wentworth, Brant, and Haldimand-Norfolk

COMMUNITY SERVICE

AGENCY	AREA SERVED
Addiction Research Foundation	Western Ontario Region
Admission Assessment Treatment and Discharge Team	Hamilton-Wentworth, Halton, Brant, and Niagara
Amity	Hamilton-Wentworth, Halton, and Brant
Arrell Observation Home for Children	Halton, Haldimand-Norfolk, Niagara, Wellington, Waterloo, and Hamilton-Wentworth
Association of Volunteer Parole Supervisors	Halton and Hamilton-Wentworth
Better Business Bureau of Hamilton and District	Hamilton-Wentworth, Niagara, and Brantford
Community Social and Vocational Rehabilitation Program - Schizophrenia Inc.	Ontario
Abortion Rights Action League	Hamilton-Wentworth and Halton
Canadian Foundation for Ileitis and Colitis	Golden Horseshoe
Canadian Hearing Society	Brant, Halton, Lincoln, Welland, Hamilton-Wentworth, and Niagara
Canadian University Service Overseas	Hamilton-Wentworth, Brantford, and Niagara
Community Nursing Registry	Hamilton-Wentworth and Halton
Cool School	Hamilton-Wentworth, Niagara, Halton, Dufferin, and Wellington
Dawn Patrol Homes	Hamilton-Wentworth, Niagara, Halton, and Brant
Hamilton Folk Arts Heritage Council	Hamilton-Wentworth, Burlington, Oakville Grimsby, and Brantford
Hamilton-Niagara Academy of Psychology	Hamilton-Wentworth, Halton, Niagara, and Haldimand-Norfolk
Hamilton Workers' Occupational Health Clinic	Hamilton-Wentworth and Niagara
Homeowners with Urea Formaldehyde Foam Insulation Association	Ontario
Juvenile Diabetes Foundation	Hamilton-Wentworth, Niagara, and Burlington
Lynwood Hall Children's Centre	Hamilton-Wentworth and Niagara
National Film Board of Canada	Brant, Halton, Hamilton-Wentworth, Niagara, and Haldimand-Norfolk
Ontario Career Action Program (O.C.A.P.)	Hamilton-Wentworth, Brant, and Haldimand-Norfolk
Ontario March of Dimes	Brant, Hamilton-Wentworth, and Halton
PATH Employment Services	Hamilton-Wentworth and Burlington
Parent Finders	Niagara, Hamilton-Wentworth, Brantford, and Cambridge
Parental Stress (Parents Anonymous)	Hamilton-Wentworth, Burlington, and Oakville
Participation House	Ontario
Pre-School for Hearing Impaired Students	Hamilton-Wentworth, Niagara, Halton, Brant, Waterloo, and Haldimand-Norfolk
Rape Crisis Centre	Hamilton-Wentworth, Burlington, and Oakville
Robert Mac Home for Retarded Children	Ontario
Royal Canadian Legion	Niagara, Hamilton-Wentworth, Haldimand-Norfolk, and Brantford
Salvation Army Divisional Headquarters	Niagara, Hamilton-Wentworth, Haldimand-Norfolk, Halton, Waterloo, Wellington Perth, Brant, and Huron
Serena Hamilton (Family Counselling)	Hamilton-Wentworth, Burlington, Oakville, Brantford, and Caledonia
Small Business Advisory Unit	Hamilton-Wentworth, Niagara, Haldimand-Norfolk, Burlington, and Oakville
War Amputation of Canada	Hamilton-Wentworth, Niagara, and Brantford
Woodview Children's Centre	Hamilton-Wentworth, Niagara, and Brant

2. **Market aggressively.** It is highly likely that people in Hamilton-Wentworth's market area are travelling past the Region to Toronto to obtain goods and services available here. There is also good potential for increasing demand by marketing what is available;

3. **Emphasize tourism, conventions, and major events** (e.g., World Junior Hockey Championships). The best way to make people aware of a product still is to show it to them. The direct expenditure that occurs as a result of these events is an important stimulus for the local economy, but the long-term benefits they offer by making people aware of what the Region has to offer may be even more important;

4. **Promote key transportation projects to the Provincial Government.** Travel time is a critical limiting factor affecting the market area of any Region. Projects such as the extension of Highway 403 will expand the Region's market area; and,

5. **Attract government and third sector organizations serving southwestern Ontario.** The previous list indicates that the Region already has an impressive number of these organizations, which should help in attracting more. Non-profit organizations are one of the targets identified earlier. The Region is seriously under-represented in government employment compared to the Ontario average.

URBAN DOCUMENTATION CENTRE
RESEARCH UNIT FOR URBAN STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

Tourism and Development as a Regional Centre

The Tourism Development Strategy prepared for the Region by Peter Barnard Associates contains recommendations aimed at improving the Region's tourism performance. These recommendations will not be repeated here.

The study estimates that tourism contributes $50 million per year in direct expenditures to the regional economy. The Region currently has two strong generators of tourism traffic. The Royal Botanical Gardens attracts 750,000 visitors per year. The African Lion Safari attracts 300,000 visitors during its operating season.

Tourism can be expected to make a significant contribution to Hamilton-Wentworth's evolution as a regional centre.

Possible Action

Some additional ideas to strengthen Hamilton-Wentworth as a regional centre are:

1. Cultural

- o construct a new home for Theatre Aquarius (e.g., reconstruction of Custom House on Stuart Street)
- o develop an indoor/outdoor theatre (similar to Ontario Place)
- o the raising and display of the Scourge and Hamilton
- o develop a Museum on Hamilton History, focusing on the War of 1812 (tied into the Scourge/Hamilton Projects)
- o develop a sculpture park based on steel

2. Commercial

- o increase shopping hours and permit Sunday shopping in designated tourist areas
- o modernize the Eaton's store in Jackson Square
- o attract additional retail anchor stores to downtown Hamilton (e.g., Simpson's, the Bay)
- o construct a Super Store in the Region
- o construct a Mountain Brow restaurant
- o further develop the Hess Village Shopping area
- o develop cultural villages with ethnic and geographic themes
- o construct additional hotels at Centennial Parkway and the Q.E.W. and on the Harbourfront
- o provide alternative overnight accommodations, such as bed and breakfast places and hotel efficiency units
- o encourage a new farmers' market in the rural area
- o promotion of Hamilton Airport, especially for domestic and transborder charter flights

3. Sports and Recreation

- o construct a new football stadium
- o acquire an NHL team
- o hold an annual track meet at Copps Coliseum
- o attract Commonwealth Games
- o improve the Wild Waterworks
- o develop Hamilton Harbourfront Park
- o develop a Hamilton Zoo
- o develop a Regional-scale amusement park
- o develop an Arts and Crafts Park
- o develop a Regional network of bicycle and pedestrian trails

4. Environmental

- o develop a Hamilton-Wentworth hiking and camping trail system
- o develop a Hamilton-Wentworth cross-country trail system
- o hold an annual outdoor winter festival

CHAPTER 9

MARKETING STRATEGY

Marketing Strategy

A marketing strategy is a consistent, appropriate and feasible set of principles though which an organization can achieve its long run goals in its competitive environment. It almost goes without saying that the Region must compete aggressively with other municipalities to achieve its economic goals. However, it is no longer enough to count on a strong determination to promote the Region; a marketing strategy is needed, as this example illustrates:

> Recently the second place razor blade manufacturer in Brazil decided to go after Gillette, the market leader. Management was asked if they were offering the consumer a better blade. "No," was the reply. "A lower price?" "No." "A better package?" "No." "A cleverer advertising campaign?" "No." "Better allowances to the trade?" "No." "Then how do you expect to take share away from Gillette?" they were asked. "Will power," was the reply. Needless to say, their offensive failed.

The economic strategy will require a new, more focused approach to marketing strategy. The new approach must be based on a clear definition of the product mix the Region is offering, competitive positioning and targeted marketing. A clear understanding of these issues will make it possible to determine the most suitable marketing plans communications programs, and staff organization. First class marketing research is another critical ingredient in successful marketing.

Product Mix

The economic strategy requires that the Region market itself in four distinct ways:

1. as a place to do business for targeted industries, paricularly in the service sector;

2. as a small business centre and small business generator;

3. as a place to live;

4. as a regional centre.

Each of them can be looked upon as a product the Region is trying to market, and each of them requires a different approach to competitive positioning and selection of targets.

Marketing to Targeted Industries

The earlier chapter, "Attracting Jobs", dealt with the industries and economic activities the Region should be seeking to attract, including offices of manufacturing firms, services to business, finance, insurance and real estate, non-profit organizations, the health industry, and related manufacturing industries.

These targets require two competitive positionings. The first involves marketing the Region as an existing centre of excellence where business opportunities await new firms. It would focus on the advantages created by an existing agglomeration of firms, such as linkages to suppliers and customers, existing industry expertise, and supply of skilled labour. This positioning would also stress the Region's excellent access to Toronto and other southern Ontario markets. It would apply to the health industry and most of the targeted manufacturing firms.

The second positioning involves marketing Hamilton-Wentworth as a regional centre with a large hinterland of untapped market potential. It would emphasize lower costs, high quality development, the potential for investment gains, and increased ability to service growing regional markets. It applies to the new service sector jobs the Region is trying to attract (offices, services to business, finance, insurance and real estate, and non-profit organizations).

In both cases, direct marketing to targeted industries will be a key element of the marketing plans. Another means to heighten business awareness and acceptance of Hamilton-Wentworth is to make presentations to key officials in the corporate banking groups of the chartered banks and other financial institutions. The objective of such presentations would be encourage corporate bankers to convey positive information about the Region in their dealings with clients.

Marketing the Region as a Small Business Centre

Most small businesses will be developed from within the Region. The key marketing task is to ensure that the Small Business Centre proposed in this report has a high profile in the Region, both inside and outside the business community. Many government programs to assist small business are available, but most small businesses do not have the resources to find out about them. If it is to be successful, the Small Business Centre must develop a highly visible presence.

The second marketing task associated with small business is to acquire funding and support for the Small Business Centre from local, Provincial and Federal governments, and from large local industries. This is essentially a political initiative, which will be spearheaded by the Chairman.

Marketing Hamilton-Wentworth as a Regional Centre

Most of the facilities described in the chapter, "Hamilton-Wentworth as a Regional Centre," have their own marketing programs. There is nothing to be gained by the Region duplicating these programs. However, there are two contributions the Region can make to marketing itself as a Regional Centre.

Each facility will probably concentrate its marketing within its known market area. The Region can help to extend its own hinterland by marketing throughout the potential market area identified in Chapter 7, "Hamilton-Wentworth as a Regional Centre". Programs to do this could take a number of forms.

The Region can also market sets of facilities. The purpose of this type of layered marketing would be to increase awareness of higher order services available in the Region and to create a perception of Hamilton-Wentworth as a regional centre, rather than to promote specific facilities. Marketing programs could be designed around the sports and recreation opportunities in the Region, the cultural facilities, the retail shopping, the downtown, or the business services (especially after some of the service sector targets are achieved). A comprehensive program promoting the Region as a whole could be designed from the best features of the individual programs. This approach to marketing Hamilton-Wentworth as a regional centre will complement existing marketing programs for Regional facilities.

One idea with excellent potential is community directed promotions in the Region's market area. Promotional "Dunnville Days" could be arranged to offer residents of specific communities incentives to come to Hamilton-Wentworth. Examples of promotional techniques could include:

- pre-arranged transportation (e.g., chartered buses)
- discounts for accommodation and shopping
- co-ordination with special events, such as Hamilton Philharmonic concerts, shows at Hamlton place, or displays at the Art Gallery
- discounts at tourist attractions such as the Royal Botanical Gardens or the African Lion Safari
- sightseeing tours of the Region
- weekend holiday packages

Regional celebrities could also be used to promote Hamilton-Wentworth. For example, endorsement from key figures such as Boris Brott, conductor of the Hamilton Philharmonic Orchestra, would add significantly to the impact of "Dunnville Days" promotions.

Marketing Hamilton-Wentworth As A Place To Live

One of the most important parts of the economic strategy is the attraction of human capital to the Region. This will involve marketing Hamilton-Wentworth as a place to live. The wave of suburbanization associated with the baby boom generation and their offspring is still continuing. Hamilton-Wentworth is in a position to capture some of this suburbanization with skillful marketing, strategic public investments in quality of life amenities and infrastructure, and sound land-use planning. The opportunity must be seized in the next 5 to 10 years, since household formation rates are expected to start falling after the current bulge in the 20 - 24 year age group.

The marketing campaign should have the following characteristics:

1. directed at major population centres in Ontario;
2. directed at people with professional and managerial occupations;
3. directed at people in the household formation stage of their life cycle;
4. emphasize superior quality of life for families;
5. emphasize access to city life in Hamilton;
6. emphasize access to Toronto and its western suburbs;
7. emphasize housing values (an undervalued investment)
8. emphasize growing job opportunities;
9. incorporate a targeted marketing campaign aimed at selected professional and managerial groups (e.g., law schools, business schools, nursing schools, professional occupations, subscribers to financial publications).

It is important to remember that many people will be in the household formation stage in the next few years, and the Region only has to influence a small number of locational decisions to significantly increase its rate of population growth.

Integration With Existing Programs

Current economic development programs and the new initiatives reinforce one another. By being responsive to the needs and requests of existing industry, the Region helps to maintain the employment base and the population in the Region. The people-oriented marketing program will attract managerial and professional people in the household formation stage, and will also create positive reinforcement that will encourage young existing residents to remain in the Region.

Some of the new managerial and professional people are very likely to start their own businesses. If they live in the Region, the new businesses most probably will also be located here. Existing programs to attract foreign entrepreneurs and investors will also contribute to new businesses starting up in Hamilton-Wentworth. These efforts, combined with the Small Business Centre, should result in the growth of the small business sector of the regional economy.

Tourism, conventions and special attractions not only bring in money, they also attract people. These people become familiar with the Region, its attractions and business opportunities. This is important because **when people are aware of the Region, it becomes a potential place to live or locate a plant or a new business.**

Attracting people and new business increases population and employment. It also increases the likelihood of attracting businesses such as district and local offices to serve the "Regional Centre" market.

The International Marketing Program

The international marketing program should be continued because of its potential for attracting new businesses and immigrants. The benefits of attracting businesses to the Region from other countries can include new capital investment, increased employment, new product and process ideas and new services. Existing firms can also benefit from access to new technology through joint venture agreements.

Although the international marketing program is not expected to have a major impact on Regional economic growth, it is also a relatively low cost program. It should be focused on small to medium-sized businesses, because international marketing sponsored by a Regional government is more likely to succeed with smaller firms. The current focus of the program on Hong Kong and West Germany is consistent with the business immigrant data presented in Chapter 7.

Additional Resources

The Marketing Strategy introduces new initiatives and greatly expands the Region's responsibilities for economic development. The Region will have to:

1. attract service sector businesses such as offices, services to business, and finance, insurance and real estate organizations;

2. introduce a marketing campaign to attract managerial and professional people to live in Hamilton-Wentworth.

3. market the Region as a Small Business Centre;

4. market Hamilton-Wentworth as a regional centre;

Given the current budget and staff resources, it will be impossible to introduce these new initiatives. A substantial increase in the promotional budget will be required. The increased responsibilities and the importance of developing personal contacts to attract the targeted industries will necessitate an increased staff complement. The extent of the increased funding and human resource requirements will need to be studied further once the strategy is approved. The requirements can be better defined when the new marketing initiatives and promotional programs are developed.

CHAPTER 10

CREATING OPPORTUNITIES AND OVERCOMING LIMITATIONS

This chapter discusses three types of action the Region can take to build on existing strengths and overcome limitations:

1. infrastructure;
2. quality of life improvements; and,
3. organizational initiatives.

A. INFRASTRUCTURE IMPROVEMENTS

Improvements to the infrastructure are described under four topic areas: transportation, telecommunications, industrial-business parks and downtown development.

1. Transportation

Improved transportation connections between Hamilton-Wentworth and the surrounding regions are required to attract people and jobs. Better highway and commuter transit connections would bring Hamilton-Wentworth within the Toronto commutershed, attracting people and businesses to the Region. Superior transportation and commuter connections will also expand the sphere of influence of Hamilton-Wentworth as the Regional centre.

Transportation improvements within the Region must emphasize access to downtown Hamilton, the Hamilton Airport, major tourist attractions, existing industries and the new Industrial-Business Parks. These improvements are required for Hamilton-Wentworth to carry out its role as a Regional Centre and to attract jobs to the Region. Transportation improvements should be both functional and attractively designed to maximize their potential for improvement to the quality of life in the Region.

Highway 403 Extensions

The completion of the Highway 403 links through Burlington and to Brantford would significantly increase road capacity between Hamilton and the surrounding areas. Hamilton-Wentworth should encourage the Province to complete these connections as soon as possible.

GO Train Service

Full GO train service would help bring the Region into the Toronto commutershed and increase access from abutting areas to services and employment opportunities in Hamilton-Wentworth. The Province has made a commitment to extend full GO train rail service to Burlington by 1989. The extension of full service to Hamilton is impeded by the heavy use of existing rail lines. CN and CP are investigating the rail requirements necessary to put full rail service into Hamilton. The Province's present schedule will not provide full GO service to the Region prior to 1990. Since a GO Transit link is vital to the Region's economic growth, the Region should do everything in its power to ensure full GO service is implemented as soon as feasible.

North/South East/West Roadway

The North/South East/West roadway connecting Highway 403 to the Q.E.W. and completing the Regional ring road network through the urban area should be built. This facility would increase accessibility to the Rymal and Glanbrook Industrial-Business Parks and provide additional roadway capacity between residential areas on the Mountain and the employment areas in the Bayfront, East Hamilton and Stoney Creek. Movement throughout the Region will be improved. The roadway will also divert truck and vehicular through-traffic from streets in residential areas.

A joint Environmental Assessment-Ontario Municipal Board hearing held in 1984/85 approved the road. The proposal has been appealed to the Cabinet of the Provincial Government and a decision is pending. The Region should continue to press for an early and positive decision for the construction of this facility.

The Perimeter Road

Detailed plans for constructing the proposed Perimeter Road between Burlington Street and Highway 403 should be completed. This facility would significantly improve access to the Bayfront industrial area from the west and more importantly, would facilitate access to downtown Hamilton. It would also divert non-essential truck and vehicular traffic that now travels through the downtown and provide a high quality access to the proposed Waterfront Park in the west harbour. A functional design study with more detailed design and cost estimates is scheduled to be completed this year.

Highway 6 South

A direct controlled access connection between the Hamilton Airport and the provincial freeway system is required. This objective can best be accomplished by means of a new alignment of Highway 6 South between Hamilton and Caledonia. A study to determine an appropriate alignment, feasibility and related costs is in progress. The Region should encourage the Province to proceed with the section of the road connecting Highway 403 to the airport as soon as possible.

Highway 6 North

A widening of Highway 6 between Highway 403 and 5 will be required. The development of the Industrial-Business Park at Clappison's Corners in Flamborough will increase traffic on Highway 6. In order for the park to develop to its full potential, it is necessary to maintain high quality access to the provincial freeway system. The Province should investigate the feasibility of removing direct access to Highway 6 in the section between Highways 5 and 403, and adding at least one more lane for the exclusive use of trucks. Improvements should be implemented now in advance of demand in order to make the Flamborough Park more competitive with industrial lands in Burlington.

Hamilton Airport

The full potential of the Hamilton Airport should be developed in line with Hamilton-Wentworth's role as a Regional Centre. Improvements to the Hamilton Airport at Mount Hope are being completed this year. The airport has an improved terminal building and an 8,000 foot runway capable of accommodating most commercial aircraft. It has been classified by Transport Canada as a Regional airport to serve Hamilton-Wentworth, Burlington, Niagara, Brant and Haldimand-Norfolk.

While Hamilton Airport cannot be expected to effectively compete with Pearson International Airport in attracting international air carriers, services should be developed at the Hamilton Airport oriented toward the Regional market. Such services would include regional carriers connecting to appropriate cities, charter services and general aviation use.

The Region is developing a marketing strategy for the airport that emphasizes the regional market. Projects to improve accessibility to the airport are now underway and additional improvements are in the planning stage.

The Region and the Township of Glanbrook have planned an industrial-business park that will abut the airport property. Detailed development plans must be prepared to ensure direct access between businesses and the airport. The park should be marketed emphasizing this unique feature.

2. Telecommunications

In order to substantially increase Hamilton-Wentworth's attractiveness to business, **it will be necessary to increase the level and quality of telecommunication service between Hamilton and Toronto while decreasing the relative cost** of voice and computer connections. Toronto has become the national financial centre and contains a large number of corporate headquarters. If Hamilton-Wentworth is to develop a strong office sector with companies involved in business services, finance, insurance and real estate, it is important that there be superior telecommunication connections with businesses in Toronto.

The majority of data and voice transfer is now done by means of magnetic modulation over copper wires. The quantity of information that can be transferred is limited by the size and number of wires and the quality is reduced by magnetic interference anywhere along the line. Fibre optics systems carry information by light modulation in digital code and the line is not affected by magnetic fields. Once a fibre optic line is in place, its capacity is limited only by the equipment that sends and receives signals.

Fibre optics are now used by a number of American carriers. It is in Hamilton-Wentworth's interest to encourage Bell Canada and CN/CP Telecommunications to put installation of new trunk lines between Toronto and Hamilton as a top priority in the installation of fibre optics technology.

Telecommunications has been a tightly regulated industry with the major carrier, Bell Canada, given a virtual monopoly. Canada appears to be loosening regulations to allow more competition in telecommunications.

At present, Toronto has one of the largest, flat rate, local call areas in North America, but Hamilton is not included. This means it is more expensive for business to communicate from Hamilton to Toronto than from anywhere within the large Toronto local call area. De-regulation would allow more competition in pricing and in the provision of services between Hamilton and Toronto. A competitive market and bulk service contracting would reduce the cost of transmission, providing an advantage to Hamilton-based businesses.

Hamilton-Wentworth should encourage the C.R.T.C. to allow more competition in communication with the objective of reducing the costs of doing business between Hamilton and Toronto and improving service. It is in the Region's interest to encourage the provision of high quality connections and uninterrupted service between Hamilton and Toronto.

3. Industrial-Business Parks

The Region must encourage the development of its Industrial-Business Parks by accelerating servicing plans and by promoting high quality land-use and development standards. In order to attract jobs it is important to have available sufficient well-located property that meets the needs of targeted industries. From inception in 1974, the Region has made a concerted effort to increase the supply and distribution of fully-serviced industrial land. There are seven major industrial-business parks that together provide approximately 3,000 acres of developable industrial land throughout the Region.

Full urban services are now available to the East Port lands, the majority of the Mountain Industrial-Business Park, the Stoney Creek Industrial Area, a portion of the Ancaster Industrial-Business Park and the Airport Park. Services are at the boundary of the North Glanbrook Park and are scheduled to be extended to the Mohawk Park in Ancaster in 1987. The Flamborough Industrial-Business Park has water services available, but requires an extension of the sanitary sewer connecting to the King Street sewage treatment plant in Dundas. The extension is scheduled to be completed in 1987.

The development of new industrial land in Hamilton-Wentworth is partially dependent on the suburbanization of businesses and industries. When a firm decides to relocate from an older industrial area, consideration can be given to suburban options both inside and outside the Region. In many circumstances, the firm's market extends well beyond the Regional boundaries. Access to the Provincial freeway system and the Toronto market is a major consideration in locational decisions. Historically, many firms have had to leave the Region for lack of appropriate sites. The Regions of Halton and Peel have well-placed industrial lands that compete for these firms. **Hamilton-Wentworth must emphasize the development of those parks that provide the best locations to compete in the market.**

Similarly, the attraction of firms from other areas is dependent on visibility and high quality access to the Provincial Freeway system and to the Toronto market.

The Regional Industrial-Business Parks providing the most competitive locations are the Flamborough Park at Clappison's Corners, the Mohawk Park in Ancaster, and the Stoney Creek Park situated along the Q.E.W. The competitive position of the latter will improve once the Q.E.W. Skyway project is completed. **The Flamborough Park will be competitive once full urban services are available to the lands immediately abutting Highway No. 6.** The extension of the sanitary sewage trunk to the west end of the Park is scheduled for the Spring of 1987. **The Region must ensure that sewer services are extended to Highway No. 6 as soon as possible to open the lands with the best access and exposure to the provincial highway system to development.**

The Mohawk Park in Ancaster requires both sewer and water services. Though these are budgeted for 1987, a finalized development plan is required before such extensions can proceed. The Region, Ancaster and the developer must work co-operatively to ensure that plans are finalized and servicing proceeds expeditiously.

The North American trend toward suburban office development is evident in the Golden Horseshoe. Hamilton-Wentworth's best opportunities for suburban office development are in the Flamborough and Mohawk Parks. **Plans for these Parks should identify areas for office development that incorporate high development standards to make the parks attractive to office and light industrial uses.**

Development standards in all industrial-business parks should be examined in light of the identified target industry types. Land-use and development controls should be revised to accommodate the desired uses in appropriate locations. Sufficiently high design standards should be applied to make the industrial areas both attractive and secure for investment.

4. Downtown Development

Downtown Hamilton is the Regional Centre and an important asset that should be enhanced and encouraged to grow in importance. The characteristics of the development and the overall quality of life in the downtown will affect the Region's ability to attract businesses and people. The Regional Centre already contains the major concentration of office, retail, commercial, arts and cultural facilities, as well as approximately 25 percent of the total employment in the Region.

This Strategy identifies the office sector as a key employment source that the Region should target. **The ideal location to focus office sector employment is downtown Hamilton.** The importance of this area has long been recognized. The City initiated a downtown re-development scheme in the 1960's, resulting in the construction of the Jackson Square retail and office development and a number of civic, cultural and recreational facilities including Hamilton Place, the Art Gallery, the Convention Centre, the Central Library and Farmers' Market, and most recently, the Copps Coliseum.

Hamilton-Wentworth has over 2.5 million square feet of office space available for lease in 39 private office buildings, each over 10,000 square feet in area. Two buildings now under construction will add an additional 350,000 square feet. Approximately 80 percent of the office space in the Region is located in high quality buildings with full services in high access locations.

The present office vacancy rate of 13.7 percent compares favourably with the average vacancy rate of 13.5 percent for the twelve major urban areas included in the 1985 Royal LePage survey of office space. In Hamilton-Wentworth the vacancy rate represents a four-year supply, based on calculations using the average absorption of office space over the period 1975 to 1985.

The ability to attract office employment is dependent on maintenance of a suitable supply of leaseable prestige office space in highly accessible locations. Already within downtown Hamilton there is sufficient properly zoned land to accommodate office development needs for the foreseeable future. The main challenge is to ensure that office space can be developed that is competitive and provides equal or superior services to those provided in competing municipalities. **The major advantage of downtown Hamilton is the fact that it is an established, diversified and vital core with cultural and business facilities, and with good accessibility both by car and transit.** This advantage should be fully capitalized on in our marketing programs.

The role of the downtown as a central focus for the Region and the surrounding area can be enhanced by continually improving the environment in the core and by attracting more major facilities. The existing environment could be enhanced by improving the attractiveness of the 15 foot plus plaza level. The conversion of older buildings to modern uses, as was done with Park Place, provides interest and activity. The development of more multi-use buildings would add variety and vitality in downtown. An additional major attraction such as another department store or a major museum would also benefit the downtown.

The City has continued its efforts to improve the downtown through the Central Area Plan and through civic beautification projects. The Region also has a role to play in the enhancement of the Regional Centre. Transportation is a Regional responsibility. Through traffic has been identified as one major conflict with the creation of an attractive pedestrian environment in the downtown. **The design of Regional roads in the downtown area should recognize the priority of pedestrians.** The Region is investigating the feasibility of constructing a Perimeter Road to remove a large portion of a non-essential truck and through traffic from the downtown.

The Region's transit system is already focused on the downtown. It provides good accessibility to the job opportunities and services in the area. The Region's plans to implement semi-express bus service on the major routes, starting this year, will greatly increase accessibliity.

The Region must maintain and improve existing transit service and road access to the downtown area. Adequate, high quality, properly located parking facilities must be provided to keep the area attractive to business and competitive with other areas.

B. QUALITY OF LIFE

The strategy recognizes the need for the Region to offer a superior quality of life in order to attract people to live in, work in and visit Hamilton-Wentworth. The quality of life can be affected by a number of factors including:

- the quality of the natural environment;
- the number and type of recreational facilities available to the public;
- the appearance of development;
- the design and maintenance of public and private space; and,
- the type and quality of services provided to the residents.

The municipalities in Hamilton-Wentworth offer relatively high levels of service. However, there is a public perception that heavy industry has a negative effect on the quality of life. Since Hamilton-Wentworth is on the outer perimeter of the Toronto commutershed, it must compete with municipalities between the two centres to attract businesses and residents. Superior services and facilities must be offered if locational decisions in favour of our Region are to be made. Higher levels of service not only attract people but benefit all existing residents and businesses as well.

It is important that existing facilities adding to the high quality of life in the Region receive marketing exposure (e.g., by means of articles in the numerous lifestyle magazines in Southern Ontario and civic merit awards).

It is important not only that the Region has a high quality of life, but also that people resident in the Region and elsewhere perceive this to be so. The following section outlines types of programs that may improve the public perception of the quality of life in Hamilton-Wentworth.

Recreation and Culture

The Region should strive to expand and improve its cultural and recreational facilities. Leisure time is becoming more available, and there is a wider interest and greater value placed on the arts and recreational activities. Residential locational decisions are influenced by the amount and quality of open space and recreational opportunities.

The municipalities in Hamilton-Wentworth offer a wide range of recreational services in a comprehensive system of parks, complemented by the excellent facilities provided by the Conservation Authorities in the Region. The Region also has a first class theatre, art gallery, coliseum, and library as well as a philharmonic orchestra, and other performing arts groups. There is, however, room for considerable improvement.

The positive impression can be increased by progressively widening the range of high quality facilities available for public use. These should include more of the standard facilities such as: playgrounds, swimming pools, skating rinks, soccer pitches, baseball diamonds, football fields, basketball courts and tennis courts. Facilities for non-traditional sports should also be available, including raquetball, squash, bocci ball, and lawn bowling. Specialized sports training centres such as an olympic caliber swimming and diving center or centres for gymnastics training are also desirable.

Recreational and park facilities could employ innovative design features to create a positive impression. Parks should be attractively landscaped and buffered from surrounding land uses, and efforts made to tie major recreational centres together with a system of bicycle paths, walkways and hiking trails separated as much as possible from vehicular traffic.

The cultural menu in the Region could be broadened by developing a national scale museum, possibly based on the theme of the steel industry. A wider base for cultural activities could be developed by encouraging small grass roots cultural and ethnic groups.

Waterfront Development

The Region's location adjacent to large bodies of water is an asset of inestimable value. Public access to the waterfront should be emphasized. Direct access to water provides an extra appeal in attracting people to live in or visit a region. The water provides a scenic amenity as well as the potential for numerous recreational experiences.

Hamilton-Wentworth has unique water resources with its frontage on Lake Ontario, Hamilton Harbour and Cootes Paradise. An excellent system of public access points have been provided at Confederation Park, Fifty Point Park, Princess Point, and by way of walking trails in the Royal Botanical Gardens.

The Region can further capitalize on the waterfront opportunities. Efforts to open up public access to Hamilton Harbour should proceed. The proposed concept of a "Hamilton Island" in the west harbour would provide excellent access for residents and provide a tourist draw close to the downtown area. Additional efforts should be made to tie the different waterfront developments together. It may be possible to initiate a water taxi or ferry service between the west harbour development, La Salle Park, Princess Point, Confederation Park and Fifty Point. It might also be desirable to reinstitute longer distance water excursions between Hamilton and destinations such as Toronto, Oakville or Niagara-on-the-Lake.

The Niagara Escarpment

Fuller advantage should be taken of the Niagara Escarpment. This natural feature is recognized throughout the Province. **Hamilton-Wentworth is unusual among municipalities in Ontario in having the Niagara Escarpment in the midst of the urban development.** This offers scenic resources to draw tourist and opportunities to develop unique facilities for residents and visitors alike.

There are first class developments already associated with the Escarpment. Chedoke and King Forest Parks have been built at the base of the escarpment and have utilized the facility to provide skiing opportunities as well as providing a beautiful backdrop to two excellent golf courses. There are a number of look out points along the escarpment brow that provide breath-taking views of the urban area below. The Conservation Authority has developed a natural area in the Dundas Valley. The Bruce Trail Association provides trails along the Escarpment.

The value of the Niagara Escarpment can be enhanced by increasing the number of publicly accessible facilities. The proposed development of a restaurant on the escarpment brow could provide a vista to diners rivaling the view from the top of the CN Tower. The revival of an inclined railway or the development of an elevator or cable car system would increase accessibility up the escarpment, and provide a tourist draw. The trail system along the escarpment could be upgraded to provide key links in a Region wide system of walking and hiking trails. The full potential of the Dundas Valley could be developed if it were to be recognized and funded as a Provincial Park.

Educational System

The School Boards in the Region must continue to be leaders in providing a first class educational system. The locational decisions of many people are influenced by the educational opportunities available to their children. Parents are aware of the changing requirements in the workplace and want their children to start with the best of ecucational opportunities.

Municipalities in Ontario provide a relatively standard level of education but there are subtle differences that can impact the quality and type of education provided. Hamilton has shown past leadership and innovation with such things as the development of composite high schools like Westdale.

The Region must continue to lead in education and publicize its leadership. The school boards could provide more computers for student use, more accessibility to french immersion programs and more special education courses such as enrichment programs or programs for children with learning disabilities. Schools in Hamilton-Wentworth could strive to have a lower student-teacher ratio than in the surrounding municipalities.

Development Standards

The Region should strive to ensure that development in Hamilton-Wentworth is of a superior standard. When people make investments in residential or business property they want to ensure that the investment is secure and will increase in value. The quality of development on their own property and the properties that surround them affect their investment.

The Region has many top quality residential, commercial and industrial developments. Future development should strive to equal and surpass these and stand out in relation to the development occurring in competing municipalities.

Residential areas can be improved by having more and better designed parks and green spaces. Innovative design would allow for more parks, better links between parks, buffers between land use, walkways and bicycle paths throughout neighbourhoods and landscaping of streets. Variety in the design of neighbourhoods and housing offered is essential. Co-ordinated development and styles should aim at specific market segments. Items such as underground services should be standard requirements for all development.

Industrial-Business parks must emphasize the aesthetics of development in order to attract high quality businesses. High quality standards of development and design and landscaping requirements assure an investor that development on his neighbouring properties will not detract from his investment.

The municipality can take steps to encourage better design by adopting and consistently enforcing high standards and by recognizing outstanding achievement in development. An annual award for the best residential, commercial and industrial developments would give well deserved recognition to developers and builders who strive for quality.

Municipal Services

The municipalities must continue to strive to provide the best service to residents. Business and people who reside in the Region are the Region's best sales people. If they feel they are well treated here they will say so. Businesses considering locating here will listen to what existing business people have to say.

The municipalities in Hamilton-Wentworth provide a wide range of services including water and sewer, fire and police protection, garbage disposal, snow removal, transit, libraries and social services.

The image of the area can be enhanced by setting high goals in the provision of all these services and ensuring that they are attained. First class libraries like the one in downtown Hamilton are recognized as a valuable resource well beyond the boundaries of the municipality. Being able to plow streets in an effective manner immediately after a storm is recognized as a benefit by local businesses and residents. Having staff treat all public inquiries in a polite and effective manner creates a positive impression on all who have dealings with government.

Urban Housekeeping

The maintenance of public and private space must be of consistently high quality. Clean streets, well maintained parks and open spaces and orderly care of private property create a positive image of the community. The opposite can turn away visitors, and have a negative influence on both the people and businesses that are considering locating here and on the residents already here. The perception that heavy industry adds to the general untidiness of the area makes it even more important that the municipalities practise and have the reputation for good housekeeping practices.

Small improvements can make major changes in impressions. For instance dust and particulate matter in the air can be decreased by requiring all parking lots to be paved and enforcing high standards to minimize impacts of construction sites. The view to pedestrians can be improved by the landscaping of parking lots. Additional manpower and improved techniques could be used to continually clean the streets in the downtown in order to keep the area litter and dust free.

Gateways

The major roads that provide gateways to the Region and the Regional Centre must create a positive image of the Region. The first impression of the Region received by most visitors is the appearance and quality of the development along the road on which they enter. This impression influences attitudes toward the municipality, and the businesses in the municipality and could affect whether a visitor returns or a businessman positively considers a relocation decision. It is important that this first impression be strongly positive.

Hamilton-Wentworth has a number of gateways, including Highway 403, the Q.E.W., Highway 6 north and Highway 6 south. The major entrances to the Regional Centre include York Street, King and Main Streets to both the east and west, and the Claremont, Jolley and James Mountain Road accesses across the escarpment. One of the most impressive entrances is via Highway 403 from both directions, with the vistas of Cootes Paradise, Hamilton Harbour, Niagara Escarpment, York Boulevard, including the award winning high level bridge, provides a high quality connection from Highway 403 into the Regional Centre. The standards set by this example should be duplicated on the other entrances.

The other entrances into the Region and the Regional Centre require comprehensive design improvements. **The types of measures that could improve the gateways would include: higher design standards for buildings and signage along the roads, and special signage and landscaping at the Regional boundary and at the entrances to the Regional Centre.**

Roads and Transit

The Region should provide high level transportation services that complement the urban environment. The first section in this chapter outlined major improvements that could be made to the transportation system that would increase accessibility into and throughout the Region. Those and other types of improvement must be done in a manner that improves the quality of life.

The changes in transportation that influence the quality of life are not just the large projects but also the small projects, and the day-to-day operation and maintenance of the system.

The **removal of truck and through traffic from the downtown core** would improve the environment for those working, shopping or living there. Preferential treatment of pedestrians and transit could improve life, not just in the downtown area but in most urban areas. Wider sidewalks in the downtown area would make shopping more pleasant. Travelling by transit could be more enjoyable in the winter if there were more transit shelters that are lit and heated.

Tight scheduling of transit with exact information on when a bus would be at a specific stop would make transit more attractive to use. **Increased levels of maintenance** of the road system would not only benefit drivers, but would improve their appearance to residents and visitors. A switch from diesel to alternative fuel for buses could remove obnoxious odors created by buses.

More money also will have to be spent on road repair and maintenance if the Region is to create a favourable impression.

C. ORGANIZATIONAL INITIATIVES

The successful implementation of this strategy will require a high degree of co-ordination between the municipalities and local agencies as well as with other levels of government and with the public. It is also dependent on receiving feedback and ideas from representatives of the various elements of the Regional community.

Additional activities will have to be completed by the Region to ensure that there is sufficient information to aid in the preparation and implementation of the marketing plans associated with the Strategy.

An outline of some of the initiatives that will be required to support the strategy follows:

Mobilization Of Community Resources

A Chairman's Advisory Committee on the Regional Economy should be initiated and sponsored by the Region with participation by senior level representatives of government, the academic community, the private sector (both industry and commerce), labour and the arts and cultural community. It would function as a two-way channel of communication to provide the Regional Chairman with insight on current economic issues and to function as a source for new ideas and strategic initiatives. It would also provide a forum for critical evaluation of initiatives, programs and projects to assure these are both responsive and meaningful.

Industry Target Analyses

The Economic Strategy identifies target industry groups that have potential to be attracted to the Region. In order to draw up marketing plans and before actual contact can be made with potential firms, **it is necessary to analyse the composition and structure of each of the targeted industries.** Firms will be evaluated through annual reports and other material to identify those that are leaders in the industry and those with potential for expansion or relocation. This process will ensure that the limited dollars available for marketing are focused on those firms with the most potential.

Regional Economies - Learning From The Winners/and Losers

North American cities demonstrating consistent leadership and innovation in economic development will be investigated to identify the actions taken which have led to their success. Cities in decline will also be investigated to reveal reasons for failure. A limited number of cities will be analysed in detail. The investigation will include visits to key cities to establish direct contacts and to complete fact-finding. Visits would be highly organized with a defined itinerary oriented to making contact with key individuals having personal knowledge and involvement in local economic development initiatives. Included in the itinerary would be representatives from political, entrepreneurial, industrial and governmental backgrounds having insight into the application of the successful local economic development strategies in their respective communities.

Representation to Senior Governments and Key Decision Makers

A number of the strategic initiatives require co-operation by senior levels of government and other key decision-making organizations.

Specific actions that the Region should request from the Province of Ontario are:

- **The implementation of full GO rail service to downtown Hamilton** as soon as possible. The plans for that service should be prepared in co-operation and full consultation with the Region and the City of Hamilton;

- The construction of the Highway 403 connections between Ancaster and Brantford and through Burlington as top priority projects;

- The inclusion of an additional truck climbing lane and elimination of direct access to abutting properties in plans to improve the Clappison Cut section of Highway 6. The implementation of that plan should be scheduled to fit with the provision of full urban services to the Flamborough Industrial-Business Park in 1988;

- Construction of the proposed new Highway 6 South between Highway 403 and the Hamilton Airport as soon as the study, now underway, has identified the appropriate alignment and right-of-way for that route;

- Provison of special funding to allow for the construction of the North/South-East/West Freeway System in Hamilton. The Province must also make a positive decision with regard to the environmental appeal on the North/South-East/West Freeway;

- Provision of a better procedural system for resolving envionmental and funding issues with regard to the Perimeter Industrial Road; and

- The continued funding of special medical services, such as the Paramedic Ambulance Service, that put Hamilton-Wentworth at the forefront of medical services.

Specific actions the Region requests from the Federal Government:

- The Ministry of Transport must define and enhance the role for the Hamilton Airport and ensure that transportation regulations encourage airline companies to provide a level of service consistent with that role. There must also be consultation and close co-operation with the Region and the Township of Glanbrook to ensure that plans and designs for the Airport implement direct road access between the Airport property and the planned Airport Industrial-Business Park.

- **The Canadian Radio-Television Telecommunications Commission (C.R.T.C.) should encourage competitive trunk service between Hamilton and Toronto and the bulk buying and distribution of trunk telecommunication service so that connections between Hamilton and Toronto receive a more favourable rate structure and higher levels of service.**

Specific actions that the Region should take with regard to other agencies or organizations include:

- Presentation of key economic reports and information to corporate banking groups so the banks are aware of the potential for investment in Hamilton-Wentworth.